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# 漢國置業有限公司 Hon Kwok Land Investment Company, Limited

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 160)**

## **2022-23 ANNUAL RESULTS ANNOUNCEMENT**

### **FINANCIAL RESULTS**

The Group recorded consolidated revenue of HK\$1,049 million for the year ended 31 March 2023 (2022: HK\$1,106 million), with a net profit attributable to shareholders of HK\$153 million (2022: HK\$92 million). The underlying profit attributable to shareholders before taking into account the change in fair value of investment properties (net of deferred taxation) will be HK\$185 million (2022: HK\$172 million). The slight decline in revenue was mainly due to a decrease in property sales recognised during the year, whereas the increase in net profit attributable to shareholders was primarily due to the recognition of fair value gain upon transferring the commercial/office building held for rental income from the Group's development properties to investment properties at the completion stage. Basic earnings per share was HK\$0.21 (2022: HK\$0.13).

As at 31 March 2023, shareholders' equity amounted to HK\$11,663 million (as at 31 March 2022: HK\$12,264 million) and net assets per share attributable to shareholders stood at HK\$16.19 (as at 31 March 2022: HK\$17.02). The decline in shareholders' equity at year end resulted from net profits attributable to shareholders less dividend paid, and the exchange rate difference caused by the depreciation of Renminbi against Hong Kong Dollars during the year.

### **DIVIDEND**

The Directors recommend payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2023 (2022: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 8 September 2023. Subject to approval by shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 4 October 2023.

### **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on 31 August 2023. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 28 August 2023 to 31 August 2023 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 25 August 2023.

## **CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND**

The proposed final dividend for the year ended 31 March 2023 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 7 September 2023 to 8 September 2023, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 4 September 2023. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 6 September 2023.

## **BUSINESS REVIEW**

### **Property Development and Investment – Mainland China**

#### ***Guangzhou, PRC***

Our development site at **45-107 Beijing Nan Road**, Yue Xiu District, with a total gross floor area of approximately 77,700 sq.m., is located at the waterfront of the Pearl River and in close proximity of the Beijing Road Pedestrian Street. It is a comprehensive development including a premium residential building and an office building with ancillary commercial facility. The residential building, namely "The riverside" provides 162 units for sale whereas the 32-storey commercial/office building namely "Hon Kwok Building" will be held primarily as investment property for earning recurrent rental income.

Upon completion, this development project, together with the Group's two former projects, namely No. 5 Residence and Ganghui Dasha adjacent to it, will form a large-scale mixed-use complex along Beijing Road, representing the Group's significant landmark in Guangzhou. This modern "live-work-play" development includes a commercial complex with integrated features of shopping, dining and leisure, plus residential and office buildings, offers unobstructed panoramic views of the Pearl River. Construction works are progressing well with targeted project completion in 2024. Pre-sales of the residential units are expected to be launched in early 2024.

**Ganghui Dasha** 港滙大廈 is situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District. This 20-storey commercial/office building with a total gross floor area of approximately 13,000 sq.m. earned stable rental income and reached an average occupancy rate of about 93% during the year (2022: 98%).

#### ***Nanhai, Foshan, PRC***

**Metropolitan Oasis** 雅瑤綠洲, situated in Da Li District, Nanhai with a total gross floor area of approximately 273,000 sq.m., was developed as a residential project comprising of approximately 1,700 units in three phases. The final phase of the project was completed in December 2020. Since the project was first launched to market in 2013, it has received encouraging sales responses and up to the date hereof, nearly all property units have been sold. The Group recorded revenue of HK\$580 million for the year ended 31 March 2023 (2022: HK\$633 million) from the property units delivered during the year. As at 31 March 2023, the contracted property sales but not yet booked amounted to RMB363 million, which is expected to be recognised in the financial year 2023/2024.

## ***Shenzhen, PRC***

**Hon Kwok City Commercial Centre** 漢國城市商業中心, the Group's investment property, with a total gross floor area of approximately 128,000 sq.m., is situated at the junction of Shen Nan Zhong Road and Fu Ming Road, in the prime location of the Futian District. This premium 75-storey building offers high-quality Grade A office and retail components. Accredited with Leadership in Energy and Environmental Design (LEED) Gold certification in 2019, the building was integrated with the concept of sustainability and green building features. Since the launch for leasing in 2019, it received favourable market responses and has attracted renowned corporate tenants. The property has exhibited gradual growth in occupancy and achieved an average overall occupancy rate of 63% for the year (2022: 52%). As at 31 March 2023, the overall occupancy rate reached 68% (31 March 2022: 64%).

**City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, is a 5-storey commercial podium occupied by the retail shops at ground level and the first floor, with **The Bauhinia Hotel (Shenzhen)** 寶軒酒店 (深圳) (the 162-room hotel) on the three upper floors. Throughout the year, the hotel business continued to be hit by the Covid-19 containment measures which significantly hindered commercial activities. In response to the relatively low level of occupancy, the management implemented cost control measures, including closing the hotel temporarily to reduce operating costs. On the contrary, the average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartment on top of the podium, remained relatively stable and stood at around 90%.

**Enterprise Square** 僑城坊, in which the Group owns a 20% interest, is situated at Qiaoxiang Road North, in Nanshan District with a total gross floor area of approximately 224,500 sq.m.. Completed in 2018, it is a comprehensive development comprising of twelve buildings including apartments, offices and a commercial mall. Majority portion of the project has been sold. The remaining units of the residential apartments are continued to be launched for sale whereas an office tower together with the commercial mall are held as investment property for earning recurrent rental income. For the year ended 31 March 2023, the project generated revenue from property sales and rental income of HK\$359 million (2022: HK\$601 million). Net profit attributable to the Group in respect of Enterprise Square, including changes in fair value of the office tower and commercial mall classified as investment properties, amounted to HK\$27 million (2022: HK\$36 million) for the year ended 31 March 2023.

## ***Chongqing, PRC***

**Chongqing Hon Kwok Centre** 重慶漢國中心, located in Bei Bu Xin Qu, is a 21-storey twin-tower office building complex atop a 4-storey retail/commercial podium. With a total gross floor area of approximately 108,000 sq.m., it achieved an average occupancy rate of 80% during the year under review (2022: 88%).

**Chongqing Jinshan Shangye Zhongxin** 重慶金山商業中心, is another twin-tower project located in Bei Bu Xin Qu and adjacent to the above Chongqing Hon Kwok Centre. With a total gross floor area of approximately 173,000 sq.m., it comprises a 41-storey office tower and a 42-storey hotel and office composite tower, each with its respective 4-storey retail/commercial podium. Overall average occupancy rate was 84% during the year (2022: 75%).

## Property Development and Investment – Hong Kong

**Digital Realty Kin Chuen (HKG11)**, is situated at Kin Chuen Street, Kwai Chung, New Territories. This data centre represents the Group's strategic investment to diversify its property portfolio. With a gross floor area of approximately 228,000 sq.ft., the building comprises of 12-storeys above ground and a 2-level basement. Designed to a high-level UTI Tier III data centre standard, it provides high quality facility in Hong Kong and continued to exhibit strong profitability. Since the commencement of services in 2021, the property has been fully leased to a leading international data centre operator on a long-term lease with satisfactory progressive rental increment.

**The Bauhinia Hotel (Central)** 寶軒酒店 (中環), a 42-room boutique hotel occupying the four podium floors of a hotel/serviced apartment building at Connaught Road Central and Des Voeux Road Central, exhibited an average occupancy rate of about 80% (2022: 82%). **The Bauhinia** 寶軒, a 171-room serviced apartment residence atop the above hotel, had an average occupancy rate of above 70%. Business condition remained difficult under the impact of Covid-19 restrictions and impeded the recovery of the hotel sector and inbound tourism. During the year, we have proceeded with the asset enhancement initiatives to refurbish and renovate the building to upgrade its condition and overall appearance. This will enhance the profitability and competitive advantages of our hotel/serviced apartment businesses. The enhancement project integrates green and sustainable features by the application of smart technologies and energy-efficient elements, aiming to pursue green and sustainability accreditation. The renovation project is targeted to complete in 2024.

**The Bauhinia Hotel (TST)** 寶軒酒店 (尖沙咀), located in Observatory Court, Tsim Sha Tsui, is a 98-room boutique hotel occupying a total of 20 floors of a 23-storey commercial/office building. The average occupancy rate was about 72% for the year ended 31 March 2023 (2022: 64%). The remaining portion of the building is leased for restaurant/commercial use. To expand customer market and to diversify the tenant mix, we collaborated with an international serviced living operator and operated a portion of the hotel rooms under the brand "DASH LIVING" to provide co-living services. Following the full border reopening in early 2023 and the resumption of market activities, the hotel sector showed signs of recovery in term of occupancies and daily room rates.

**Hon Kwok Jordan Centre** 漢國佐敦中心, with a gross floor area of approximately 62,000 sq.ft., is a 23-storey commercial/office building situated at Hillwood Road, Tsim Sha Tsui. During the year ended 31 March 2023, the average occupancy rate grew progressively and reached 96% (2022: 88%).

## Formation of a joint venture for a development project in Hong Kong

In December 2022, the Group formed a joint venture with S E A Holdings Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 251), to acquire 50% interests in a development site via the joint venture company at a cash consideration of HK\$393 million. The project, with a site area of approximately 1,967 sq.m., is situated at South Bay Road, Repulse Bay and is being developed into luxury residences with panoramic sea views. Planning and design work is underway.

## **Property and carpark management**

For the year ended 31 March 2023, the property and carpark management division reported revenue of HK\$38 million as compared with HK\$35 million in last year. The Group's carpark management division delivered satisfactory performance during the year as the social distancing measures were relaxed and market activities resumed. Coupled with the decrease in operating costs due to the rental concessions granted by the government for managing public carparks, operating profit improved. As at 31 March 2023, the Group managed 25 car parks (31 March 2022: 23 car parks) with approximately 2,090 parking spaces (31 March 2022: 2,050 parking spaces).

## **Property Investment - Valuation**

The Group's investment property portfolio measured on a fair value basis, was valued at HK\$15,148 million as at 31 March 2023 (as at 31 March 2022: HK\$15,309 million), comprised of Mainland China portfolio of HK\$9,991 million and Hong Kong portfolio of HK\$5,157 million. Taking into account the additions to the investment property portfolio and the effect of exchange rate differences, the Group recorded a decrease in fair value of investment properties (net of deferred taxation) of HK\$32 million for the year ended 31 March 2023 (2022: decrease of HK\$80 million) to reflect the fair value of investment properties in Hong Kong and Mainland China.

## OUTLOOK

As the pandemic threat is receding and major countries have reopened their economies, global market has shown initial signs of recovery. Yet, the global economy continues to be clouded by the cumulative effects of uncertainties including geographical conflicts, commodity price fluctuations and inflation spike. Throughout 2022, central banks in the major countries tightened their monetary policies and increased interest rates to allay inflation, leading to anticipated economic slowdown. It is expected that the US Federal Reserve will continue its interest hikes in 2023 which will further hinder the global recovery.

In the Mainland, we saw a rebound in the economy and normalisation of commercial activities after the lifting of Covid-19 restrictions, despite at a slow momentum. To support economic recovery and to bolster consumers' confidence in the post-Covid stage, the Chinese government has implemented easing monetary measures, to add impetus and provide liquidities to the business market. With more relaxing measures to be rolled out to help the property developers and potential buyers, it is expected that the property market will be stabilised and market confidence restored in the medium term.

The Hong Kong economy will benefit from the re-opening of border with the Mainland China as market activities are set to resume normalcy. In particular, with the return of more tourists, the hotel and tourism industries starts to revive. Domestic consumption and market sentiment also improved with a year-on-year growth of 2.7% in GDP in the first quarter of 2023. Looking forward, Hong Kong economy will revitalise under the HKSAR Government's massive infrastructure plan including the "Northern Metropolis Development Strategy", which will be conducive to integrate Hong Kong – Shenzhen area with their neighbouring rural areas. Nevertheless, we remain cautiously optimistic and will be vigilant to fluctuations and external threats in global markets.

Finally, I would like to thank my fellow directors for their support and valuable advice and all staff members for their efforts during the year under review.

**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 29 June 2023

## CONSOLIDATED RESULTS

The consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2023 together with comparative figures for the previous year are as follows:

### Consolidated Statement of Profit or Loss

	Notes	For the year ended 31 March	
		2023 HK\$'000	2022 HK\$'000
Revenue	3	1,049,421	1,106,278
Cost of sales		<u>(493,202)</u>	<u>(513,181)</u>
Gross profit		556,219	593,097
Other income	3	35,549	57,794
Fair value losses on investment properties, net		(56,016)	(127,429)
Fair value gain on transfer of development property to investment property		98,973	-
Administrative expenses		(110,288)	(120,993)
Other operating expenses, net		(34,893)	(54,293)
Finance costs	4	(217,328)	(158,451)
Share of profit of an associate		<u>26,979</u>	<u>35,701</u>
Profit before tax	5	299,195	225,426
Income tax expense	6	<u>(142,803)</u>	<u>(133,663)</u>
Profit for the year		<u>156,392</u>	<u>91,763</u>
Attributable to:			
Owners of the Company		153,423	91,693
Non-controlling interests		<u>2,969</u>	<u>70</u>
		<u>156,392</u>	<u>91,763</u>
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic and diluted		<u>HK\$0.21</u>	<u>HK\$0.13</u>

## Consolidated Statement of Comprehensive Income

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
<b>Profit for the year</b>	<b><u>156,392</u></b>	<b><u>91,763</u></b>
<b>Other comprehensive income/(loss)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of an associate	(38,280)	13,988
Exchange differences on translation of foreign operations	<u>(664,648)</u>	<u>286,617</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b><u>(702,928)</u></b>	<b><u>300,605</u></b>
<b>Total comprehensive income/(loss) for the year</b>	<b><u>(546,536)</u></b>	<b><u>392,368</u></b>
<b>Attributable to:</b>		
Owners of the Company	(511,007)	377,825
Non-controlling interests	<u>(35,529)</u>	<u>14,543</u>
	<b><u>(546,536)</u></b>	<b><u>392,368</u></b>



## Consolidated Statement of Financial Position

	<b>31 March 2023</b>	31 March 2022
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>255,862</b>	305,250
Investment properties	<b>15,147,509</b>	15,308,966
Investments in joint ventures	<b>393,129</b>	199
Investment in an associate	<b>790,284</b>	801,585
Financial assets at fair value through profit or loss	<b>7,862</b>	-
Financial asset at fair value through other comprehensive income	<b>60,127</b>	-
Total non-current assets	<b><u>16,654,773</u></b>	<u>16,416,000</u>
<b>CURRENT ASSETS</b>		
Tax recoverable	<b>3,569</b>	436
Properties held for sale under development and completed properties held for sale	<b>1,422,423</b>	1,957,931
Trade receivables	<b>10,884</b>	14,319
Contract costs	<b>9,364</b>	17,451
Amount due from a joint venture	<b>3,200</b>	-
Financial assets at fair value through profit or loss	<b>7,406</b>	-
Prepayments, deposits and other receivables	<b>305,606</b>	255,208
Cash and bank balances	<b>1,751,897</b>	1,877,175
Total current assets	<b><u>3,514,349</u></b>	<u>4,122,520</u>
<b>CURRENT LIABILITIES</b>		
Trade payables, other payables and accrued liabilities	<b>132,348</b>	209,464
Interest-bearing bank borrowings	<b>1,563,778</b>	3,107,368
Lease liabilities	<b>13,856</b>	20,004
Contract liabilities	<b>269,880</b>	421,238
Customer deposits	<b>84,367</b>	86,354
Tax payable	<b>320,141</b>	308,765
Total current liabilities	<b><u>2,384,370</u></b>	<u>4,153,193</u>
NET CURRENT ASSETS/(LIABILITIES)	<b><u>1,129,979</u></b>	<u>(30,673)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<b><u>17,784,752</u></b>	<u>16,385,327</u>

**Consolidated Statement of Financial Position** *(Continued)*

	<b>31 March 2023 HK\$'000</b>	31 March 2022 HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>4,561,621</b>	2,419,303
Lease liabilities	<b>13,551</b>	23,711
Deferred tax liabilities	<b>1,333,063</b>	1,429,206
Total non-current liabilities	<b><u>5,908,235</u></b>	<u>3,872,220</u>
Net assets	<b><u>11,876,517</u></b>	<u>12,513,107</u>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Share capital	<b>1,519,301</b>	1,519,301
Reserves	<b>10,143,828</b>	10,744,889
	<b>11,663,129</b>	12,264,190
Non-controlling interests	<b><u>213,388</u></b>	<u>248,917</u>
Total equity	<b><u>11,876,517</u></b>	<u>12,513,107</u>

Notes:

## 1. Basis of Presentation and Preparation and Changes in Accounting Policies and Disclosures

### ***Basis of presentation and preparation***

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the “Hong Kong Companies Ordinance”). They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited financial information relating to the year ended 31 March 2023 and the financial information relating to the year ended 31 March 2022 included in this preliminary announcement of annual results for the year ended 31 March 2023 do not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2022, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 March 2023 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on these financial statements for the year ended 31 March 2022. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

### ***Changes in accounting policies and disclosures***

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3  
Amendments to HKAS 16  
Amendments to HKAS 37  
*Annual Improvements to  
HKFRSs 2018-2020*

*Reference to the Conceptual Framework  
Property, Plant and Equipment: Proceeds before Intended Use  
Onerous Contracts – Cost of Fulfilling a Contract  
Amendments to HKFRS 1, HKFRS 9,  
Illustrative Examples accompanying HKFRS 16, and HKAS 41*

The adoption of these revised HKFRSs does not have any impact on the financial position or performance of the Group.

## 2. Operating Segment Information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (a) the property development segment develops properties for sale;
- (b) the property investment segment holds investment properties for development and the generation of rental income; and
- (c) the property, carpark management and others segment comprises, principally, the sub-leasing of carparking business and the property management service business which provides management services to residential and commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, share of profit of an associate and fair value losses on financial assets at fair value through profit or loss as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in joint ventures, investment in an associate, financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income, other unallocated head office and corporate assets, including tax recoverable and cash and bank balances, as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including interest-bearing bank borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

2. Operating Segment Information (Continued)

For the year ended 31 March 2023

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property, carpark management and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	579,625	419,377	50,419	<u>1,049,421</u>
<b>Segment results</b>	<b>218,492</b>	<b>303,254</b>	<b>19,638</b>	<b>541,384</b>
<i>Reconciliation:</i>				
Interest income				17,516
Unallocated expenses				(67,532)
Fair value losses on financial assets at fair value through profit or loss				(3,013)
Finance costs (other than interest on lease liabilities)				(216,139)
Share of profit of an associate				<u>26,979</u>
Profit before tax				<u><u>299,195</u></u>

For the year ended 31 March 2022

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property, carpark management and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	632,973	434,380	38,925	<u>1,106,278</u>
<b>Segment results</b>	<b>290,030</b>	<b>120,537</b>	<b>5,927</b>	<b>416,494</b>
<i>Reconciliation:</i>				
Interest income				13,107
Unallocated expenses				(83,131)
Finance costs (other than interest on lease liabilities)				(156,745)
Share of profit of an associate				<u>35,701</u>
Profit before tax				<u><u>225,426</u></u>

## 2. Operating Segment Information (Continued)

At 31 March 2023				
	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Segment assets</b>	1,802,293	15,498,962	2,162,998	19,464,253
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(2,309,405)
Investment in joint ventures				393,129
Investments in an associate				790,284
Financial assets at fair value through profit or loss				15,268
Financial asset at fair value through other comprehensive income				60,127
Corporate and other unallocated assets				<u>1,755,466</u>
Total assets				<u>20,169,122</u>
<b>Segment liabilities</b>	1,389,817	1,174,484	259,106	2,823,407
<i>Reconciliation:</i>				
Elimination of intersegment payables				(2,309,405)
Corporate and other unallocated liabilities				<u>7,778,603</u>
Total liabilities				<u>8,292,605</u>

For the year ended 31 March 2023				
	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Other segment information:</b>				
Fair value losses on investment properties, net	-	56,016	-	56,016
Fair value gain or transfer of development property to investment property	-	(98,973)	-	(98,973)
Loss/(gain) on disposal of items of property, plant and equipment	(95)	-	38	(57)
Depreciation	2,418	7,698	15,303	25,419
Capital expenditure *	<u>764</u>	<u>104,661</u>	<u>655</u>	<u>106,080</u>

\* Capital expenditure represents additions to property, plant and equipment and investment properties.

## 2. Operating Segment Information (Continued)

At 31 March 2022

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property, carpark management and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets</b>	2,176,175	15,792,178	2,010,795	19,979,148
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(2,120,023)
Investment in a joint venture				199
Investment in an associate				801,585
Corporate and other unallocated assets				<u>1,877,611</u>
Total assets				<u><u>20,538,520</u></u>
<b>Segment liabilities</b>	1,421,656	1,149,904	309,234	2,880,794
<i>Reconciliation:</i>				
Elimination of intersegment payables				(2,120,023)
Corporate and other unallocated liabilities				<u>7,264,642</u>
Total liabilities				<u><u>8,025,413</u></u>

For the year ended 31 March 2022

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property, carpark management and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other segment information:</b>				
Fair value losses on investment properties, net	-	127,429	-	127,429
Gain on disposal of items of property, plant and equipment	(25,637)	-	(6)	(25,643)
Depreciation	2,740	8,362	19,704	30,806
Capital expenditure *	<u>302</u>	<u>133,731</u>	<u>1,126</u>	<u>135,159</u>

\* Capital expenditure represents additions to property, plant and equipment and investment properties.

## 2. Operating Segment Information *(Continued)*

### Geographical information

#### (a) Revenue

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<b>191,029</b>	196,781
Mainland China	<b>858,392</b>	909,497
	<b><u>1,049,421</u></b>	<u>1,106,278</u>

The revenue information above is based on the locations of operations.

#### (b) Non-current assets

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<b>5,579,346</b>	5,116,650
Mainland China	<b>11,007,239</b>	11,299,151
Other	<b>199</b>	199
	<b><u>16,586,784</u></b>	<u>16,416,000</u>

The non-current asset information above is based on the locations of the assets and excludes financial assets at fair value through profit or loss and financial asset at fair value through other comprehensive income.



### 3. Revenue and Other Income

#### Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the year ended 31 March 2023			
	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Segment</b>				
Type of goods or services				
Sales of properties	579,625	-	-	579,625
Property management income and others	-	38,367	14,145	52,512
<b>Total revenue from contracts with customers</b>	<b>579,625</b>	<b>38,367</b>	<b>14,145</b>	<b>632,137</b>
Revenue from other sources				
Gross rental income	-	381,010	36,274	417,284
<b>Total revenue from other sources</b>	<b>-</b>	<b>381,010</b>	<b>36,274</b>	<b>417,284</b>
<b>Revenue disclosed in the segment information</b>	<b>579,625</b>	<b>419,377</b>	<b>50,419</b>	<b>1,049,421</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	579,625	-	-	579,625
Services transferred over time	-	38,367	14,145	52,512
<b>Total revenue from contracts with customers</b>	<b>579,625</b>	<b>38,367</b>	<b>14,145</b>	<b>632,137</b>
	For the year ended 31 March 2022			
	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Segment</b>				
Type of goods or services				
Sales of properties	632,973	-	-	632,973
Property management income and others	-	39,841	5,290	45,131
<b>Total revenue from contracts with customers</b>	<b>632,973</b>	<b>39,841</b>	<b>5,290</b>	<b>678,104</b>
Revenue from other sources				
Gross rental income	-	394,539	33,635	428,174
<b>Total revenue from other sources</b>	<b>-</b>	<b>394,539</b>	<b>33,635</b>	<b>428,174</b>
<b>Revenue disclosed in the segment information</b>	<b>632,973</b>	<b>434,380</b>	<b>38,925</b>	<b>1,106,278</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	632,973	-	-	632,973
Services transferred over time	-	39,841	5,290	45,131
<b>Total revenue from contracts with customers</b>	<b>632,973</b>	<b>39,841</b>	<b>5,290</b>	<b>678,104</b>

### 3. Revenue and Other Income (Continued)

	2023 HK\$'000	2022 HK\$'000
<b>Other income</b>		
Bank interest income	17,516	13,107
Government subsidies*	3,095	1,070
Gain on disposal of items of property, plant and equipment	57	25,643
Others	14,881	17,974
	<u>35,549</u>	<u>57,794</u>

\* The government subsidies represented mainly grants from the Employment Support Scheme of the Hong Kong Government, which aimed to retain employment and combat Covid-19. There are no unfulfilled conditions or contingencies relating to these subsidies.

### 4. Finance Costs

	2023 HK\$'000	2022 HK\$'000
Interest on bank loans	266,096	173,070
Interest on lease liabilities	1,189	1,706
Less: Interest capitalised under properties under development	<u>(49,957)</u>	<u>(16,325)</u>
	<u>217,328</u>	<u>158,451</u>

### 5. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	2023 HK\$'000	2022 HK\$'000
Cost of properties sold	308,788	310,807
Direct operating expenses (including repairs and maintenance) arising from rental-earning properties	184,414	202,374
Depreciation of property, plant and equipment and right-of-use assets	25,419	30,806
Lease payments not included in the measurement of lease liabilities	5,440	4,893
Auditor's remuneration	3,048	2,935
Gain on disposal of items of property, plant and equipment	(57)	(25,643)
Fair value losses on financial assets at fair value through profit or loss	3,013	-
Employee benefit expenses (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	72,717	66,092
Pension scheme contributions	2,101	1,972
	<u>74,818</u>	<u>68,064</u>
Less: Amounts capitalised under properties under development/construction	<u>(29,800)</u>	<u>(24,300)</u>
	<u>45,018</u>	<u>43,764</u>

At 31 March 2023 and 31 March 2022, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

## 6. Income Tax

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong	<b>(1,479)</b>	(95)
Elsewhere	<b>(56,410)</b>	(27,754)
Land appreciation tax in Mainland China	<b>(84,261)</b>	(153,518)
	<b>(142,150)</b>	(181,367)
Deferred tax	<u>(653)</u>	47,704
Total tax charge for the year	<u><b>(142,803)</b></u>	<u>(133,663)</u>

Land appreciation tax has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

## 7. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$153,423,000 (2022: HK\$91,693,000) and the weighted average number of ordinary shares in issue during the year of 720,429,301 (2022: 720,429,301).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2023 and 2022 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during the years ended 31 March 2023 and 2022.

## 8. Dividend

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Proposed final – 12.5 HK cents (2022: 12.5 HK cents) per ordinary share	<u><b>90,054</b></u>	<u>90,054</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 9. Trade Receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice/contract date and net of loss allowance, is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<b>882</b>	1,447
31 to 60 days	<b>156</b>	521
61 to 90 days	<b>143</b>	39
Over 90 days	<b>9,703</b>	12,312
Total	<b>10,884</b>	14,319

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of the sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are closely monitored by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

## 10. Trade Payables, Other Payables and Accrued Liabilities

Included in the trade payables, other payables and accrued liabilities are trade payables of HK\$7,492,000 (2022: HK\$8,301,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<b>7,492</b>	8,301

## 11. Contingent Liabilities

- (a) As at 31 March 2023, the Group has given a guarantee of HK\$487,500,000 (2022: Nil) to a bank in connection with a facility granted to a joint venture and such banking facility guaranteed by the Group to the joint venture was utilised to the extent of HK\$237,500,000 (2022: Nil).
- (b) As at 31 March 2023, the Group has given guarantees of HK\$3,284,000 (2022: HK\$15,146,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property ownership certificates to the purchasers.

## 12. Event after the Reporting Period

On 27 June 2023, Best Range Global Limited, a direct wholly-owned subsidiary of the Company, entered into a shareholder's agreement with an independent third party to form a joint venture company (the "JV Company") for the purpose of investing in a hotel property located in Osaka, Japan, and the aggregate consideration of which is JPY1,500 million (equivalent to approximately HK\$82.5 million). Based on the shareholding of 60% in the JV Company, the Group's initial capital commitment is expected to be JPY900 million (equivalent to approximately HK\$49.5 million). The hotel property will be held for generating rental income.

## **FINANCIAL REVIEW**

### **Liquidity and financial resources**

The total interest-bearing debts of the Group amounted to approximately HK\$6,153 million as at 31 March 2023 (2022: HK\$5,570 million), of which approximately 26% (2022: 56%) of the debts were classified as current liabilities. Included therein were debts of HK\$22 million related to bank loans with repayable on demand clause and HK\$1,156 million related to project loan which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 7%.

Total cash and bank balances including time deposits were approximately HK\$1,752 million as at 31 March 2023 (2022: HK\$1,877 million). The Group had committed but undrawn banking facilities of a total of approximately HK\$399 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2023 were approximately HK\$11,663 million (2022: HK\$12,264 million). The decrease was mainly due to current year's profit attributable to shareholders less dividend paid and the depreciation in value of assets less liabilities denominated in Renminbi.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK\$4,401 million (2022: HK\$3,693 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$11,877 million (2022: HK\$12,513 million), was 37% as at 31 March 2023 (2022: 30%).

### **Funding and treasury policies**

The Group adopts prudent funding and treasury policies. Surplus funds are primarily maintained in the form of cash deposits with leading banks. The Group manages its funding requirements primarily on a short-to-medium term basis and refinances the maturing borrowings at appropriate time.

Acquisition and development of properties are financed partly by internal resources and partly by bank loans. Repayments of bank loans are scheduled to match asset lives and project completion dates. Bank loans are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates.

Foreign currency exposure is closely monitored by management and hedged to the extent desirable. As at 31 March 2023, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

### **Pledge of assets**

Properties with an aggregate carrying value of approximately HK\$15,902 million as at 31 March 2023 were pledged to secure certain banking facilities of the Group.

## **Employees and remuneration policies**

The Group, not including its joint ventures and associate, employed approximately 360 employees as at 31 March 2023. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

## **CONNECTED TRANSACTIONS**

1. On 12 July 2018, Gold Famous Development Limited (“Gold Famous”), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Chinney Construction Company, Limited (“Chinney Construction”), an indirect wholly-owned subsidiary of Chinney Alliance Group Limited (“Chinney Alliance”) (Stock Code: 385), pursuant to which, Gold Famous engaged Chinney Construction to act as the main contractor to carry out construction works for the construction and development of a data centre at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong at a total contract sum not exceeding HK\$757,800,000. As Chinney Investments, Limited (“Chinney Investments”) (Stock Code: 216) is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The transaction was approved by the independent shareholders of Chinney Investments, the Company and Chinney Alliance at the respective general meetings held by each of the companies on 24 August 2018.

Details of the transaction were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 12 July 2018 and the Company’s circular dated 8 August 2018. Construction works were completed and pending for agreement of variation orders and final accounts of the project. During the year ended 31 March 2023, HK\$19,673,573 was paid to Chinney Construction in respect of the transaction.

2. On 26 September 2022, Honour Well Development Limited (“Honour Well”), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with each of Chinney Construction and Shun Cheong Building Services Limited (“Shun Cheong”), both being indirect wholly-owned subsidiaries of Chinney Alliance, pursuant to which, Chinney Construction was appointed by Honour Well as the contractor for the builder’s works at the contract sum of not exceeding HK\$96,300,000 and Shun Cheong was appointed by Honour Well as the contractor for the mechanical and electrical engineering works and façade works at the contract sum of not exceeding HK\$141,000,000 relating to the revamp project of the building located at 119-121 Connaught Road Central, Sheung Wan, Hong Kong. As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transactions constituted connected transactions for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules. The transactions were approved by independent shareholders of Chinney Investments, the Company and Chinney Alliance at the respective general meetings held by each of the companies on 28 November 2022.

Details of the transactions were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 26 September 2022 and the Company’s circular dated 8 November 2022. During the year ended 31 March 2023, HK\$13,186,000 was paid to Chinney Construction in respect of the transaction.

## **CORPORATE GOVERNANCE**

### **Compliance with Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2023.

### **Compliance with the Corporate Governance Code**

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2023, except for the following deviations:

1. CG Code provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The articles of association of the Company (the “Articles of Association”) do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman will not be subject to retirement by rotation; which deviates from CG Code provision B.2.2 as Board considers that the continuity of office of the Chairman provides the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

2. CG Code provision E.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions.

The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee reviews and makes recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

3. CG Code provision F.2.2 stipulates that, amongst others, the chairman of the board should attend the annual general meeting.

Due to other business commitments, Dr. James Sai-Wing Wong, the Chairman of the Board was unable to attend the adjourned annual general meeting of the Company held on 1 September 2022.

## **Audit Committee**

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group’s financial reporting process and internal control. The Audit Committee has reviewed with management the annual results of the Group for the year ended 31 March 2023.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.



## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2023.

By Order of the Board  
**James Sing-Wai Wong**  
*Executive Director*

Hong Kong, 29 June 2023

*At the date of this announcement, the directors of the Company are Dr. James Sai-Wing Wong (Chairman), Mr. James Sing-Wai Wong, Mr. Xiao-Ping Li and Mr. Philip Bing-Lun Lam as executive directors; and Ms. Janie Fong, Mr. David Tak-Wai Ma and Mr. James C. Chen as independent non-executive directors.*