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HKRI

香港興業國際集團有限公司*
HKR International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00480)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

RESULTS

The Board of Directors (the “Board”) of HKR International Limited (the “Company”) announces the audited final results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2024 (“FY2024”).

The Group’s revenue for the FY2024 amounted to HK\$3,940.7 million, increased by 132.7% from HK\$1,693.7 million in the last year primarily due to revenue recognition of Starlight One, a project in Jiaxing, the People’s Republic of China (“PRC”). The Group also posted an increase of 35% in underlying profit, being profit or loss attributable to owners of the Company excluding the Group’s attributable share of non-recurring asset impairment provisions, fair value changes (net of taxes) of investment properties and one-off gain on disposal of joint venture investments, of HK\$172.6 million as compared to that of HK\$127.6 million calculated on the same basis for the previous year.

With the inclusion of the Group’s attributable share of fair value losses of investment properties held by the Group and its joint venture amounting HK\$263.9 million, non-recurring asset impairment provisions of HK\$376.7 million and absence of non-recurring gain on disposal of joint venture investments as recorded in the preceding year, the Group however recorded a loss attributable to owners of the Company of HK\$468.0 million, a decrease of HK\$923.6 million from a profit attributable to owners of the Company of HK\$455.6 million for the preceding year.

Apart from the above-mentioned factors, the Group’s operating result was also impacted by the continuous depreciation of Renminbi, Thai Baht and Japanese Yen as well as interest rate hikes, leading to higher exchange losses and finance costs.

DIVIDEND

The Board does not recommend a final dividend to the shareholders of the Company (the “Shareholders”) for the FY2024 (2023: HK1 cent) and no interim dividend was paid by the Company during FY2024 (2023: Nil).

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed from 16 to 21 August 2024 (both days inclusive) for the annual general meeting of the Company to be held on 21 August 2024 (“2024 AGM”). During the period, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 August 2024. The notice of the 2024 AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and despatched to the Shareholders in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Revenue	3	3,940.7	1,693.7
Cost of sales		<u>(2,550.3)</u>	<u>(906.0)</u>
Gross profit		1,390.4	787.7
Other income		148.9	179.6
Other gains and losses	4	(441.1)	249.3
Selling, administrative and other operating expenses		(714.5)	(656.1)
Change in fair value and (losses)/gains on disposals of investment properties			
Realised (losses)/gains on disposals		(3.0)	26.6
Unrealised losses		(336.4)	(86.3)
Finance costs	5	(409.4)	(230.0)
Share of results of associates		(0.1)	(0.2)
Share of results of joint ventures		<u>192.0</u>	<u>284.3</u>
(Loss)/profit before taxation	6	(173.2)	554.9
Taxation	7	<u>(373.9)</u>	<u>(76.7)</u>
(Loss)/profit for the year		<u>(547.1)</u>	<u>478.2</u>
(Loss)/profit for the year attributable to:			
Owners of the Company	8	(468.0)	455.6
Non-controlling interests		<u>(79.1)</u>	<u>22.6</u>
		<u>(547.1)</u>	<u>478.2</u>
(Loss)/earnings per share		<i>HK cents</i>	<i>HK cents</i>
Basic	10	<u>(31.5)</u>	<u>30.7</u>
Diluted		<u>(31.5)</u>	<u>30.7</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2024

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
(Loss)/profit for the year	<u>(547.1)</u>	<u>478.2</u>
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified to profit or loss</i>		
Investments in equity instruments measured at fair value through other comprehensive income:		
Fair value changes during the year	(12.7)	(19.2)
Deferred tax arising from fair value changes	(0.1)	0.1
Remeasurements of post-employment benefit obligations	<u>0.7</u>	<u>—</u>
	<u>(12.1)</u>	<u>(19.1)</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	(267.4)	(639.3)
Exchange differences arising from translation of other foreign operations	(283.2)	(404.5)
Release of exchange reserve upon disposal of a foreign joint venture	—	22.3
Release of exchange reserve upon deregistration of foreign subsidiaries	0.9	28.1
Share of asset revaluation reserve of a joint venture	<u>—</u>	<u>2.2</u>
	<u>(549.7)</u>	<u>(991.2)</u>
Other comprehensive expense for the year, net of tax	<u>(561.8)</u>	<u>(1,010.3)</u>
Total comprehensive expense for the year	<u>(1,108.9)</u>	<u>(532.1)</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(1,030.1)	(554.7)
Non-controlling interests	<u>(78.8)</u>	<u>22.6</u>
	<u>(1,108.9)</u>	<u>(532.1)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

	<i>Note</i>	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Non-current assets			
Investment properties		13,843.2	14,157.2
Property, plant and equipment		2,635.5	2,648.1
Intangible assets		8.8	—
Right-of-use assets		70.7	78.2
Interests in associates		—	—
Interests in joint ventures		9,908.1	10,105.3
Properties held for development for sale		3,398.5	3,149.7
Equity instruments measured at fair value through other comprehensive income		11.5	24.7
Financial assets at fair value through profit or loss		423.9	462.1
Investments in debt instruments measured at amortised cost		11.5	49.5
Other assets		325.2	396.8
Deferred tax assets		58.4	109.4
		<u>30,695.3</u>	<u>31,181.0</u>
Current assets			
Inventories		39.2	31.8
Properties held for sale		1,405.5	2,337.5
Properties under development for sale		7,261.8	6,067.8
Trade receivables	<i>11</i>	46.1	47.6
Deposits, prepayments and other receivables		360.4	750.4
Loan to a joint venture		119.4	—
Amounts due from associates		4.1	4.0
Amounts due from joint ventures		167.3	192.1
Investments in debt instruments measured at amortised cost		57.3	21.6
Taxation recoverable		62.5	56.0
Bank balances and cash		1,605.8	6,212.6
		<u>11,129.4</u>	<u>15,721.4</u>

	<i>Notes</i>	2024 HK\$'M	2023 <i>HK\$'M</i>
Current liabilities			
Trade payables, provision and accrued charges	<i>12</i>	1,111.7	1,169.3
Deposits received and other financial liabilities		160.5	1,363.1
Contract liabilities		97.1	2,075.4
Bank and other loans due within one year		3,744.1	2,297.4
Lease liabilities		6.3	6.0
Taxation payable		239.1	291.0
		<u>5,358.8</u>	<u>7,202.2</u>
Net current assets		<u>5,770.6</u>	<u>8,519.2</u>
Total assets less current liabilities		<u>36,465.9</u>	<u>39,700.2</u>
Non-current liabilities			
Contract liabilities		226.5	70.9
Bank and other loans due after one year		6,883.1	9,281.7
Lease liabilities		42.2	47.9
Other liabilities due after one year		2,735.3	2,621.9
Deferred tax liabilities		431.9	406.9
		<u>10,319.0</u>	<u>12,429.3</u>
		<u>26,146.9</u>	<u>27,270.9</u>
Capital and reserves			
Share capital	<i>13</i>	371.3	371.3
Reserves		22,987.0	24,026.6
Equity attributable to owners of the Company		23,358.3	24,397.9
Non-controlling interests		2,788.6	2,873.0
		<u>26,146.9</u>	<u>27,270.9</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong financial reporting standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for mortgage instalment receivables, investment properties and financial instruments that are measured at fair values at the end of each reporting period.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

2 APPLICATION OF NEW STANDARD, AMENDMENTS TO HKFRSs AND INTERPRETATION

New standard and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new standard and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The application of the new standard and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance and on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs and interpretation in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs and interpretation that have been issued but are not yet effective:

Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 21	Lack of Exchangeability
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group anticipates that the application of above amendments to HKFRSs and interpretation will have no material impact on the Group's consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

The Group is organised into five operating divisions: property development, property investment, transportation services and property management, hotel operations and leisure businesses. Each of the operating divisions represents an operating and reportable segment.

Disaggregation of revenue

	For the year ended 31 March 2024					Total HK\$'M
	Property development HK\$'M	Property investment HK\$'M	Transportation services and property management HK\$'M	Hotel operations HK\$'M	Leisure businesses HK\$'M	
Types of goods or services:						
Sales of properties	2,521.9	—	—	—	—	2,521.9
Hotel revenue	—	—	—	252.3	—	252.3
Other services rendered	32.9	95.6	283.4	—	295.4	707.3
Revenue from contracts with customers	2,554.8	95.6	283.4	252.3	295.4	3,481.5
Rental income	—	455.4	2.4	—	1.4	459.2
Consolidated revenue, as reported	<u>2,554.8</u>	<u>551.0</u>	<u>285.8</u>	<u>252.3</u>	<u>296.8</u>	<u>3,940.7</u>
Geographical markets:						
Hong Kong	218.9	529.2	285.8	179.7	296.8	1,510.4
Mainland China	2,175.0	19.7	—	—	—	2,194.7
Japan	—	2.1	—	—	—	2.1
South East Asia	160.9	—	—	72.6	—	233.5
Total	<u>2,554.8</u>	<u>551.0</u>	<u>285.8</u>	<u>252.3</u>	<u>296.8</u>	<u>3,940.7</u>
Timing of revenue recognition:						
At a point in time	2,523.3	—	260.2	103.6	171.0	3,058.1
Over time	31.5	95.6	23.2	148.7	124.4	423.4
Total	<u>2,554.8</u>	<u>95.6</u>	<u>283.4</u>	<u>252.3</u>	<u>295.4</u>	<u>3,481.5</u>

For the year ended 31 March 2023

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
Types of goods or services:						
Sales of properties	241.5	—	—	—	—	241.5
Hotel revenue	—	—	—	274.7	—	274.7
Other services rendered	32.8	112.6	270.0	—	287.2	702.6
Revenue from contracts with customers	274.3	112.6	270.0	274.7	287.2	1,218.8
Rental income	—	472.7	0.8	—	1.4	474.9
Consolidated revenue, as reported	<u>274.3</u>	<u>585.3</u>	<u>270.8</u>	<u>274.7</u>	<u>288.6</u>	<u>1,693.7</u>
Geographical markets:						
Hong Kong	163.3	561.3	270.8	198.6	288.6	1,482.6
Mainland China	110.6	23.7	—	—	—	134.3
Japan	—	0.3	—	—	—	0.3
South East Asia	0.4	—	—	76.1	—	76.5
Total	<u>274.3</u>	<u>585.3</u>	<u>270.8</u>	<u>274.7</u>	<u>288.6</u>	<u>1,693.7</u>
Timing of revenue recognition:						
At a point in time	241.5	—	252.6	124.4	176.2	794.7
Over time	32.8	112.6	17.4	150.3	111.0	424.1
Total	<u>274.3</u>	<u>112.6</u>	<u>270.0</u>	<u>274.7</u>	<u>287.2</u>	<u>1,218.8</u>

Operating segments

Segment information

The following is an analysis of the Group's revenue and results by operating and reportable segments for the year:

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2024						
Revenue						
Segment revenue — sales to external customers derived by the Group, an associate and joint ventures	3,442.9	2,302.0	285.8	252.3	296.8	6,579.8
Excluding revenue of an associate and joint ventures	(888.1)	(1,751.0)	—	—	—	(2,639.1)
Consolidated revenue, as reported	<u>2,554.8</u>	<u>551.0</u>	<u>285.8</u>	<u>252.3</u>	<u>296.8</u>	<u>3,940.7</u>
Results						
Segment results — total realised results of the Group, associates and joint ventures (<i>note a</i>)	(281.6)	864.1	11.0	(22.5)	(73.2)	497.8
Excluding realised results of associates and joint ventures not shared by the Group	60.3	(266.4)	—	—	—	(206.1)
Results attributable to the Group	<u>(221.3)</u>	<u>597.7</u>	<u>11.0</u>	<u>(22.5)</u>	<u>(73.2)</u>	<u>291.7</u>
Unallocated other expenses						(26.7)
Unallocated corporate expenses						(164.7)
Finance costs and corporate level exchange difference						(340.2)
Net unrealised losses on fair value change of investment properties (<i>note b</i>)						(336.4)
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						<u>29.2</u>
Loss for the year						(547.1)
Non-controlling shareholders' share of loss for the year						<u>79.1</u>
Loss for the year attributable to owners of the Company						<u>(468.0)</u>

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2023						
Revenue						
Segment revenue — sales to external customers derived by the Group, an associate and joint ventures	535.5	2,311.6	270.8	274.7	288.6	3,681.2
Excluding revenue of an associate and joint ventures	<u>(261.2)</u>	<u>(1,726.3)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,987.5)</u>
Consolidated revenue, as reported	<u>274.3</u>	<u>585.3</u>	<u>270.8</u>	<u>274.7</u>	<u>288.6</u>	<u>1,693.7</u>
Results						
Segment results — total realised results of the Group, associates and joint ventures (<i>note a</i>)	194.9	869.3	53.9	(4.4)	2.7	1,116.4
Excluding realised results of associates and joint ventures not shared by the Group	<u>18.3</u>	<u>(263.9)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(245.6)</u>
Results attributable to the Group	<u>213.2</u>	<u>605.4</u>	<u>53.9</u>	<u>(4.4)</u>	<u>2.7</u>	870.8
Unallocated other expenses						(32.0)
Unallocated corporate expenses						(145.3)
Finance costs and corporate level exchange difference						(162.1)
Net unrealised losses on fair value change of investment properties (<i>note b</i>)						(86.3)
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						<u>33.1</u>
Profit for the year						478.2
Non-controlling shareholders' share of profit for the year						<u>(22.6)</u>
Profit for the year attributable to owners of the Company						<u>455.6</u>

Notes:

- (a) The segment results of the Group include the entire results of associates and joint ventures, excluding the net unrealised gains or losses on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised losses on fair value change of investment properties for the year ended 31 March 2024 of HK\$336.4 million (2023: HK\$86.3 million) represented the unrealised losses on fair value change of investment properties of HK\$336.4 million (2023: HK\$86.3 million) net of deferred tax charge arising from change in fair value of HK\$nil (2023: HK\$nil).

Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of unallocated other expenses, unallocated corporate expenses, finance costs and corporate level exchange difference, net unrealised losses on fair value change of investment properties and net unrealised gains on fair value change of investment properties attributable to the Group's interests in a joint venture, net of deferred tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

All of the segment revenue reported above is from external customers.

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as they are not reviewed by the chief operating decision maker nor otherwise regularly provided to the chief operating decision maker for review.

Other segment information

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Unallocated amounts <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2024							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales*	—	—	(8.1)	—	(0.1)	—	(8.2)
Depreciation of property, plant and equipment	20.8	18.6	14.7	50.4	73.0	4.1	181.6
Depreciation of right-of-use assets	3.7	—	0.8	—	0.5	3.3	8.3
Impairment loss reversed on loans to joint ventures	—	—	—	—	—	(0.4)	(0.4)
Impairment loss on investments in debt instruments measured at amortised cost	—	—	—	—	—	15.5	15.5
Impairment loss on properties held for development for sale	164.3	—	—	—	—	—	164.3
Impairment loss on properties under development for sale	13.1	—	—	—	—	—	13.1
Impairment loss on properties held for sale	94.3	—	—	—	—	—	94.3
Impairment loss on property, plant, and equipment	—	—	5.4	—	52.1	—	57.5
Net loss on financial assets at fair value through profit or loss ("FVTPL")	—	—	—	—	—	14.1	14.1
Net loss on mortgage instalment receivables	5.3	—	—	—	—	—	5.3
Net (gain)/loss on deregistration of subsidiaries	(0.5)	0.9	—	—	—	(1.8)	(1.4)
Net loss/(gain) on disposal of property, plant and equipment	—	—	1.1	(0.1)	(0.4)	—	0.6
Interest income	(37.6)	(6.8)	—	(0.2)	—	(31.9)	(76.5)
Finance costs	123.3	0.1	1.3	—	0.6	284.1	409.4
Income tax charge/(credit)	330.5	33.9	(1.3)	4.6	4.9	1.3	373.9
Share of results of associates	0.1	—	—	—	—	—	0.1
Share of results of joint ventures	103.6	(266.4)	—	—	—	(29.2)	(192.0)

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Unallocated amounts <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2023							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales*	—	—	(7.7)	(0.1)	(3.2)	—	(11.0)
Depreciation of property, plant and equipment	21.4	13.8	14.4	60.9	69.4	7.7	187.6
Depreciation of right-of-use assets	4.0	—	0.8	—	0.5	3.2	8.5
Impairment loss on loans to joint ventures	—	—	—	—	—	2.3	2.3
Impairment loss on investments in debt instruments measured at amortised cost	—	—	—	—	—	16.5	16.5
Impairment loss reversed on property, plant, and equipment	—	—	(6.5)	—	—	—	(6.5)
Net loss on financial assets at FVTPL	—	—	—	—	—	49.6	49.6
Net loss on mortgage instalment receivables	11.5	—	—	—	—	—	11.5
Net loss on deregistration of subsidiaries	—	—	—	—	—	27.8	27.8
Net loss/(gain) on disposal of property, plant and equipment	0.1	(0.3)	0.1	—	—	0.2	0.1
Net gain on disposal of a joint venture	(368.0)	—	—	—	—	—	(368.0)
Interest income	(17.6)	(1.3)	—	—	—	(33.9)	(52.8)
Finance costs	0.2	0.1	1.3	—	0.6	227.8	230.0
Income tax charge/(credit)	25.1	28.4	(0.7)	6.8	5.6	11.3	76.5
Share of results of associates	0.2	—	—	—	—	—	0.2
Share of results of joint ventures	12.7	(263.9)	—	—	—	(33.1)	(284.3)

* Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions, in which the pricing was determined with reference to prevailing market price or actual cost incurred, as appropriate.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Sales of properties	2,521.9	241.5
Rental income	459.2	474.9
Hotel revenue	252.3	274.7
Other services rendered	707.3	702.6
	<u>3,940.7</u>	<u>1,693.7</u>

Geographical information

For each of the years ended 31 March 2024 and 31 March 2023, the Group's operations are located in Hong Kong, mainland China, Japan and South East Asia.

The Group's revenue from external customers based on the location of properties and goods delivered or services rendered, and location of properties in the case of rental income, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets <i>(note a)</i>	
	2024 HK\$'M	2023 HK\$'M	2024 HK\$'M	2023 HK\$'M
Hong Kong	1,510.4	1,482.6	17,742.8	17,785.7
Mainland China	2,194.7	134.3	4,251.6	4,277.9
Japan	2.1	0.3	167.0	50.1
South East Asia <i>(note b)</i>	233.5	76.5	1,617.4	1,709.0
	<u>3,940.7</u>	<u>1,693.7</u>	<u>23,778.8</u>	<u>23,822.7</u>

Notes:

- (a) Non-current assets excluded those related to financial instruments and deferred tax assets.
- (b) Revenue from respective country within "South East Asia" contributed less than 10% of the Group's revenue.

Information about major customers

The revenue from individual customer contributed less than 10% of the total revenue of the Group for both years.

4 OTHER GAINS AND LOSSES

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Other gains/(losses) include the following:		
Net gain on disposal of a joint venture	—	368.0
Net gain/(loss) on deregistration of subsidiaries	1.4	(27.8)
Net foreign exchange loss	(78.3)	(18.0)
Net (loss)/gain on disposal of property, plant and equipment	(0.5)	0.5
Impairment loss (recognised)/reversed on property, plant and equipment	(57.5)	6.5
Impairment loss on properties held for development for sale	(164.3)	—
Impairment loss on properties under development for sale	(13.1)	—
Impairment loss on properties held for sale	(94.3)	—
Net loss on financial assets at FVTPL	(14.1)	(49.6)
Net loss on mortgage instalment receivables	(5.3)	(11.5)
	<u>(426.0)</u>	268.1
Impairment losses under expected credit loss model, net of reversal, include the following:		
— Impairment loss reversed/(recognised) on loans to joint ventures	0.4	(2.3)
— Impairment loss on investments in debt instruments measured at amortised cost	(15.5)	(16.5)
	<u>(441.1)</u>	<u>249.3</u>

5 FINANCE COSTS

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Interests on		
Bank and other loans	601.3	334.0
Advance from a non-controlling shareholder	132.3	82.3
Lease liabilities	2.1	2.2
Bank and other loans arrangement fees	33.5	29.1
	<u>769.2</u>	447.6
Less: Amounts included in the qualifying assets (<i>note</i>)	(359.8)	(217.6)
	<u>409.4</u>	<u>230.0</u>

Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties under development for sale and assets under construction, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 6.19% (2023: 3.53%) per annum.

6 (LOSS)/PROFIT BEFORE TAXATION

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
(Loss)/profit before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration		
Audit services	8.7	8.5
Non-audit services	4.2	3.1
Cost of properties sold	1,669.9	129.7
Salaries, wages, bonus and other benefits	586.8	553.4
Retirement benefits schemes contribution	<u>27.0</u>	<u>23.8</u>
Staff costs incurred (including directors' remuneration)	<u>613.8</u>	<u>577.2</u>
Gross rental income under operating leases on:		
Investment properties	(446.0)	(464.6)
Other properties	(13.2)	(10.3)
Less: Outgoings	<u>70.2</u>	<u>57.6</u>
	<u>(389.0)</u>	<u>(417.3)</u>
Depreciation of property, plant and equipment	181.6	187.6
Depreciation of right-of-use assets	<u>8.3</u>	<u>8.5</u>

7 TAXATION

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Hong Kong Profits Tax calculated at 16.5% (2023: 16.5%) of the estimated assessable profit for the year	41.8	47.6
Overseas tax calculated at rates prevailing in respective jurisdictions	89.5	160.7
Land appreciation tax ("LAT")	<u>157.8</u>	<u>(2.5)</u>
	289.1	205.8
Deferred taxation for the year	<u>84.8</u>	<u>(129.1)</u>
	<u>373.9</u>	<u>76.7</u>

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions for both years.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2011, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT 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 payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance.

8 (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

(Loss)/profit for the year attributable to owners of the Company comprises:

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
(a) Net unrealised (losses)/gains on change in fair value of investment properties during the year		
— The Group	(336.4)	(86.3)
Attributable to non-controlling interests	<u>43.3</u>	<u>13.2</u>
	(293.1)	(73.1)
— Joint venture, net of deferred tax	<u>29.2</u>	<u>33.1</u>
	<u>(263.9)</u>	<u>(40.0)</u>
(b) (Losses)/profits excluding net unrealised gains or losses on change in fair value of investment properties	(204.1)	495.6
Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the year	<u>24.1</u>	<u>31.4</u>
	<u>(180.0)</u>	<u>527.0</u>
Sub-total	(443.9)	487.0
Less: Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the year	<u>(24.1)</u>	<u>(31.4)</u>
(Loss)/profit for the year attributable to owners of the Company	<u>(468.0)</u>	<u>455.6</u>

9 DIVIDENDS

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2023 of HK1 cent (2023: final dividend paid for the financial year ended 31 March 2022 of HK5 cents) per share	14.9	74.3
No interim dividend paid for the financial year ended 31 March 2024 (2023: no interim dividend paid)	<u>—</u>	<u>—</u>
	<u>14.9</u>	<u>74.3</u>

The directors of the Company did not propose any final dividend for the financial year ended 31 March 2024 (2023: for the financial year ended 31 March 2023 of HK1 cent per share totaling HK\$14.9 million).

10 (LOSS)/EARNINGS PER SHARE

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

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(468.0)</u>	<u>455.6</u>
	2024	2023
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic (loss)/earnings per share	1,485,301,803	1,485,301,803
Effect of dilutive potential ordinary share:		
Adjustment in relation to share options issued by the Company	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<u>1,485,301,803</u>	<u>1,485,301,803</u>

For the years ended 31 March 2024 and 2023, diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share since the share options had anti-dilutive effect.

11 TRADE RECEIVABLES

The credit periods allowed by the Group to its customers are dependent on the general practices in the industries concerned. For property sales, sales terms vary for each property project and are determined with reference to the prevailing market conditions. Property rentals are receivable in advance. Payments for clubs and hotel services are receivable on demand.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the payment due date at the end of the reporting period:

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Not yet due	12.7	24.5
Overdue:		
0–60 days	22.6	13.4
61–90 days	3.4	1.6
Over 90 days	<u>7.4</u>	<u>8.1</u>
	<u>46.1</u>	<u>47.6</u>

12 TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$87.4 million (2023: HK\$54.8 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Not yet due	62.8	39.4
Overdue:		
0–60 days	20.8	13.4
61–90 days	0.7	—
Over 90 days	<u>3.1</u>	<u>2.0</u>
	<u>87.4</u>	<u>54.8</u>

13 SHARE CAPITAL

	Number of shares	HK\$'M
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>4,000,000,000</u>	<u>1,000.0</u>
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>1,485,301,803</u>	<u>371.3</u>

BUSINESS REVIEW

(Save as otherwise stated below, all projects and operations are 100% owned by the Group)

The Company is a conglomerate whose core business is property development and investment. The Group's strategy is to increase its asset value by the continued development and enhancement of its flagship projects, including Discovery Bay ("DB") and HKRI Taikoo Hui ("HTH"), acquisition of land plots or projects of varying scale for development/re-development, and enhancement of the Group's other investment properties' value. The Group will continue to look for opportunities to expand its property portfolio and participate in good quality projects via a light asset approach.

LAND BANK

As of 31 March 2024, total land bank (including that held directly by joint ventures) attributable to the Group amounted to 8,636,000 square feet, which is earmarked for property development upon fulfilment of the related terms and conditions.

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's revenue from property development and investment for the FY2024, including the proportionate share of joint ventures and associates of HK\$1,233 million (2023: HK\$973 million), was HK\$4,339 million, increased from HK\$1,833 million in preceding year.

The contribution from property development and investment, including the proportionate share of joint ventures and associates of HK\$163 million (2023: HK\$251 million), was HK\$376 million (2023: HK\$819 million).

Property Development

Hong Kong

Hong Kong's economy recovered in 2023 following the pandemic's aftermath. Economic activity revived following the removal of anti-epidemic measures and resumption of normal travel, though external challenges including a continuing high interest rate, heightened geopolitical tensions and tightened financial conditions constrained the pace of recovery. Real GDP resumed expansion, but slightly fell short of the market's expectation, growing 3.2% in 2023.

The local stock market's performance was lacklustre in 2023. After a brief rebound in early 2023, the residential property market experienced a downturn and remained sluggish for the remainder of the year. For 2023, the total number of residential unit sale and purchase agreements in Hong Kong fell to around 43,000, the lowest level on record.

In February 2024, the Hong Kong Special Administrative Region ("HKSAR") Government announced the removal of all property cooling measures. Meanwhile, the Hong Kong Monetary Authority relaxed the maximum loan-to-value ratio for property mortgage loans and supervisory measures for property loans. As a result, Hong Kong's property market showed some positive signs. Subsequent to the implementation of these stimulus policies, viewership of the Group's IL PICCO and VILLA LUCCA residential projects gradually rose.

At DB, in which the Group holds a 50% interest, the DB 2.0 Blueprint was advanced during FY2024. Initial projects under the plan include a revamped “Live to Discover” brand campaign, new food and beverage outlets, and renovation of the piers, which has been completed according to sustainability principles, all of which aim to enhance residents’ and visitors’ experience.

Other DB 2.0 developments include the construction of a new multi-recreation complex, which will provide a diverse range of educational, sports and leisure activities. Facilities including Club Siena will also be upgraded to cater for residents’ needs, and transportation enhancement will facilitate commuting within and outside DB.

The Group remained committed to developing DB as a vibrant community, focusing on promoting a lifestyle that is environmental-friendly, sporty, and health-conscious. Various branding initiatives and third-party events were staged in DB during FY2024, including “The NextWave Beach Music Festival 2023”, the largest beach music festival in Hong Kong, and the “Discovery Bay Easter Egg Hunt on the Beach 2024”. These events have grown to become annual flagship occasions, attracting visitors and driving revenue for DB’s transportation services and retail tenants, as well as significantly increasing DB’s brand exposure.

The residential project in DB North, which covers an additional gross floor area (“GFA”) of over 1.3 million square feet and will provide over 1,400 residential units, is progressing well. Superstructure work for the first phase (Phase 19) is expected to be completed by the end of 2025.

Planning for DB Area 6f, which will provide about 500 residential units, progressed during FY2024. Applications to change the land use of DB Service Area 10b and Marina Club Area B to residential were approved by the Town Planning Board in August 2023, which will provide over 800 residential units, including mid-rise, low-rise and garden houses, most of which will enjoy scenic sea views and a 350-metre-long waterfront promenade. A revised Outline Zoning Plan incorporating these land use changes was gazetted in April 2024.

Turning to other districts, foundation work of the residential redevelopment project at Hollywood Road and Upper Lascar Row was completed in April 2024.

Despite heightened uncertainties in the residential market, sales of the Group’s residential projects in Hong Kong including VILLA LUCCA (40:60 joint venture with Hysan Development Company Limited), a luxury residential project in Tai Po, progressed well during FY2024, reflecting buyers’ appreciation of exceptional quality.

As of 31 March 2024, the Group’s residential projects in Hong Kong are summarised below:

Projects

Poggibonsi, DB (50% owned)

Total units: 196

Units sold: 193 (3 sold during FY2024)

Sale proceeds generated during FY2024: HK\$101 million

Revenue of 4 sold units recognised during FY2024

IL PICCO, DB (50% owned)

Total units: 21 garden houses

Units sold: 9 (2 sold during FY2024)

Sale proceeds generated during FY2024: HK\$104 million

Revenue of 2 sold units recognised during FY2024

VILLA LUCCA, Tai Po (40% owned)

Total units: 262

Units sold: 56 (38 sold during FY2024)

Sale proceeds generated during FY2024: HK\$895 million

Revenue of 33 sold units recognised during FY2024

Mainland China

Amid sluggish residential market sentiment and developers' default risk, the Central Government implemented stimulus policies. These included reducing mortgage interest rates and lowering down-payment thresholds, mandating banks to support real estate companies' financial needs for project completion, and prompting local governments to relax home purchase restrictions. These measures underline the Central Government's resolve to support the real estate market on both the supply and demand sides.

In light of these market headwinds, the Group closely monitored the evolving situation, continually reviewing its investment, development, sales and marketing strategies. Doing so reinforced the Group's commitment to delivering high-quality products.

Starlight One, a deluxe 392-unit residential project comprising high-rise apartments and villas in Jiaxing, was launched for sale in March 2023 and 387 launched units were sold in the same month. All sold units had been handed over to buyers in July 2023.

In March 2023, the Group acquired a 1.4 million square feet residential plot in Jiaxing's Nanhu New District. The site will be turned into a premium apartment development with a plot ratio of 2.1. Planning approval and the working permit were obtained in March 2024, with site work commencing in the same month.

The development of IN One, an upscale low-density project in Hangzhou comprising 245 apartments and 50 villas, was completed on schedule. The occupation permit was obtained in December 2023, and handover to buyers started in May 2024.

The residential plot in Shanghai's Songjiang District, was named "River One" in August 2023. Designed as low-density residences, it comprises 262 units with various layouts such as low-rise apartments, villas and duplexes. Superstructure work commenced in February 2023, and sales launched in January 2024. As of 31 March 2024, about 48% of the units have been sold.

The Group's key mainland China residential projects under development are:

Projects	GFA (sq. ft.)	Status as of 31 March 2024
<i>Jiaxing, Zhejiang</i>		
Land lot no. 2023-06 in Nanhu New District	1,415,000	<ul style="list-style-type: none"> • Grant of planning approval and working permit: March 2024 • Works commencement: March 2024
<i>Hangzhou, Zhejiang</i>		
IN One	430,000	<ul style="list-style-type: none"> • 295 units • Grant of occupation permit: December 2023 • Handover: May 2024
<i>Shanghai</i>		
River One	350,000	<ul style="list-style-type: none"> • 262 units with a plot ratio of 1.1 • Superstructure works in progress • Date of launch: January 2024, about 48% units were sold as of 31 March 2024

Property Investment

Hong Kong

Oversupply and muted corporate demand amid cost control concerns dented occupancy rates and rent levels during FY2024, putting Hong Kong's office rental market under pressure. The Grade A office vacancy rate was 16% in 2023, according to data released by the Rating and Valuation Department. The market expects that the high office building vacancy level will be a near-term overhang.

To revitalise economic activity and tourism following Hong Kong's full re-opening, the Government launched a series of campaigns and measures, including the "Hello Hong Kong", "Happy Hong Kong" and "Night Vibes Hong Kong", as well as a range of mega events. According to the Hong Kong Tourism Board, approximately 34 million tourists visited Hong Kong in 2023, with the number of inbound visitors recovering to more than half of the pre-pandemic level. However, Hong Kong's Mainland-bound tourism undermines local retail and restaurant businesses. While the value of retail sales grew year-on-year in 2023, performance was below market expectation and overall atmosphere remained stagnant. Rental performance in the core district slightly rebounded, but vacancies in other districts remained high. It is expected that the downward trend in overall rental performance will continue for retail properties in the short to medium term.

Navigating market headwinds, the Group implemented leasing initiatives during FY2024 to sustain high occupancy rates and attract new tenants. They included flexible lease terms, as well as furniture and fitting-out packages to meet potential tenants' diverse needs. To boost footfall and tenant sales and cater to ever-changing consumer preferences, the tenant mix was continually optimised, and a range of marketing and promotion campaigns was deployed to elevate customers' experience.

The rental performance of the Group's investment properties in DB (in which it holds a 50% interest) was slightly impacted during FY2024. DB Plaza (including the DB Plaza extension) and DB North achieved a combined average occupancy rate of 81.4%. With the reshuffling of retail tenants, various restaurants and retail outlets were introduced to meet residents'

needs and maintain a balanced mix. Plans are underway to further enhance DB's facilities and connectivity, which are intended to provide an improved and rejuvenated experience for both DB residents and visitors.

Turning to the CDW Building in Tsuen Wan, the Group successfully retained major anchor retail and office tenants amid the challenging environment and secured a number of new ones. As a result, an average occupancy rate of around 90% was achieved during FY2024. Benefitting from improved consumer sentiment, the 8½ retail arcade saw retail sales and footfall increase, resulting in an average occupancy rate of 98.4% during FY2024.

The United Daily News Centre in To Kwa Wan achieved an average occupancy rate of 97.6% during FY2024. The change in its land use from industrial to residential was approved, pending for land premium conclusion.

During FY2024, West Gate Tower, a 24-storey office building in Cheung Sha Wan, acquired new tenants and achieved an average occupancy rate of 89.2%, and the Wellgan Villa residential property in Kowloon Tong recorded an average occupancy rate of 94.2%.

Mainland China

The HKRI Centres One and Two office towers at HTH in Shanghai (in which the Group has a 50% interest), recorded a combined average occupancy rate of 97.9% during FY2024. Despite challenging operating conditions, HKRI Centres substantially outperformed the market.

The retail segment achieved an average occupancy rate of 82.1% during FY2024, with foot traffic improving by about 85% year-on-year. Retail sales exceeded the pre-pandemic level, expanding by about 17% year-on-year as Shanghai resumed normal activities. Nonetheless, gross rental income was slightly affected by ongoing mall enhancement.

These results underscore HTH's status as a premier luxury and lifestyle shopping destination. Its diverse retail offerings, featuring leading beauty brands, designer labels, and a variety of food and beverage outlets, coupled with premium brand collaborations and flagship events that elevate customer engagement, have all contributed to HTH's strong market position.

Various facilities and brand upgrades are in the pipeline for HTH. Upon completion, the mall will provide visitors with a brand-new and exhilarating experience and further consolidate HTH's leading position in the industry.

In Hangzhou, the Group's HKR International Centre, which encompasses 156 office units and use rights for 62 parking lots, recorded an average occupancy rate of 82.3%. The project successfully retained major tenants from the e-commerce, webcasting, and internet media industries. As Hangzhou's office market is gradually stabilising, the Group remains committed to implementing effective marketing strategies and property enhancements to boost competitiveness and attract high-quality tenants. Meanwhile in Tianjin, the 15%-owned property The Exchange, achieved an average occupancy rate of 85.9%.

TRANSPORTATION SERVICES AND PROPERTY MANAGEMENT

Transportation Services

During FY2024, DB's transportation operations, managed by the Group's various subsidiaries (in which the Group has a 50% interest), saw demand for both ferry and bus transportation services stabilise as more visitors were attracted by a number of flagship events in DB.

Lingering challenges including surging fuel and other operational costs, coupled with significant labour shortages, particularly of drivers, impacted transportation operations. While the Government has provided financial assistance for ferry services since 2020 and driver importation quotas during FY2024, the operational situation remained challenging.

To enhance operational efficiency through technological advancements, the Group is implementing an intelligent fleet management system on its buses that will facilitate swift monitoring and agile operations through efficient vehicle and staff deployment.

In line with its sustainability mission of reducing vehicle emissions, the Group has gradually introduced more electric vehicles for both passenger services and operational support since early 2024 together with the addition of charging facilities in DB.

Enhancement works at DB Pier and Central Pier 3 were concluded during FY2024. The revamped piers integrate green elements and offer an enhanced passenger experience.

To facilitate seamless commuting for both residents and visitors, additional DB North ferry sailings and bus departures serving the Hong Kong-Zhuhai-Macao Bridge border crossing were introduced during FY2024. Coordination with the Government and DB stakeholders on the proposed plan to increase the number of taxi facilities in DB is underway.

Property Management

The Group's property management services in DB and across Hong Kong performed well during FY2024, receiving accolades for their commitment to sustainability and service excellence. These include the prestigious "Hong Kong Awards for Environmental Excellence" and the "UNSDG Achievement Awards Hong Kong".

Sustainability initiatives in DB continued to elicit residents' interest and participation, reflecting the community's growing engagement in sustainable practices. Additionally, DB has been recognised as one of "Top 10 Caring Estates" by the Government's Home and Youth Affairs Bureau, attributable to the high-quality services provided to residents.

To meet statutory property management licensing requirements, which became mandatory on 1 August 2023, the Group's residential and commercial property management companies have duly secured the required licences, underlying the Group's commitment to delivering high-quality property management services. Accordingly, a dedicated working group has also been formed to ensure compliance with the codes of conducts imposed by the Property Management Services Authority.

HOTEL OPERATIONS AND LEISURE BUSINESSES

International travel rebounded globally during FY2024, inching closer to the pre-pandemic level, particularly in the cities where the Group's hotel operations are located.

A shift in behaviour was observed among Chinese tourists, who prioritised experiential travel over shopping. As a unique resort style destination, DB's diverse hospitality businesses offer immersive experiences and are well-positioned to capture this rising demand, aided by cross-selling initiatives.

Hotel Operations

Hong Kong

While inbound tourism to Hong Kong rebounded during FY2024, an uptick in outbound travel by locals posed a challenge for hotel operations.

Auberge Discovery Bay Hong Kong (in which the Group holds a 50% interest) expanded its wedding and events business by orchestrating an in-house wedding expo in May 2023, and rolling out promotional activities to penetrate the Meetings, Incentive, Conventions & Exhibitions segment.

The hotel's themed staycation packages were successful, contributing to an average occupancy rate of 67.7%. The new luxurious Sunday brunch also received overwhelmingly positive responses.

Going forward, Auberge Discovery Bay Hong Kong will strengthen its revenue streams through overseas sales trips, and participation in travel trade shows and wedding expos. To engage loyal customers and boost repeat business, the Group will continue to implement sales and marketing initiatives as well as the new "Auberge Plus" CRM system, which launched in April 2024.

Mainland China

The hotel business in mainland China achieved satisfactory growth during FY2024, attributable to the resumption of international and domestic travel. The limited room supply increase across China's hotel industry over the past three years meant a shortage in hotel rooms, resulting in an elevated average room rate during FY2024.

In 2023, Shanghai's tourism market remained robust, reportedly welcoming 3.64 million domestic and international tourist arrivals, a year-on-year increase of 476%. Capitalising on the release of pent-up travel demand, The Sukhothai Shanghai and The Middle House delivered impressive performance, with average room rates and profit margin surging during FY2024.

Moving forward, the hotels will differentiate themselves through diversified hotel products, personalised guest experiences, and meticulous service standards.

Thailand

Thailand's economic recovery, primarily tourism-driven, remained on track. During FY2024, The Sukhothai Bangkok continued to capitalise on the influx of foreign tourists. To elevate customer experience, swimming pool enhancements were completed during FY2024, and a premium membership scheme was introduced in April 2024. Meanwhile, refurbishment of guest rooms has been recently completed, and construction of The Sukhothai Spa, a luxurious spa complex, is nearing completion and scheduled to open in the second quarter of 2024.

In 2023, Thailand received 28 million foreign tourist arrivals, a significant year-on-year increase and the highest number since the COVID-19 pandemic began. To entice new visitors, the hotel will continue enhancing its offerings through the introduction of themed-events and strategic partnerships, and collaborate with influencers and affiliates to amplify marketing impact.

Leisure Businesses

The Group's leisure businesses are steadily cementing their industry leadership, distinguished by innovative design, state-of-the-art infrastructure, advanced technology, and exceptional operational standards.

DB houses four premium membership clubs: Discovery Bay Recreation Club ("DBRC"), Club Siena, Discovery Bay Golf Club ("DBGC") and Lantau Yacht Club ("LYC"). Phased upgrade works are in the pipeline, which upon completion will elevate the members' experience. Renovations at Club Siena have commenced, promising enhanced facilities.

Benefitting from its status as Hong Kong's newest marina in decades and the only accredited 5 Gold Anchor marina, LYC continued to attract new members throughout the FY2024. In addition to popular events and brand collaborations, LYC hosted its first-ever premier signature boat show, "Festa Nautica", in 2023, showcasing its leadership in premium nautical services.

Future membership acquisition efforts will target mid-sized leisure and sailing boats, particularly in the Greater Bay Area. Other upcoming business strategies involve expanding into the wedding and corporate events market as an additional revenue stream.

DBGC recorded brisk membership transfers during FY2024, reflecting its strong appeal among golf enthusiasts. To commemorate DBGC's 40th anniversary, a diverse range of activities was held, including the Anniversary Golf Tournament and Dinner Party.

Corporate social responsibility remains a cornerstone initiative for DBGC, entailing collaborations with local charities to foster youth development and create golf experience opportunities for ethnic minority youngsters.

DB Ice Rink ("DBIR") solidified its position as an international sports competition venue and elite ice-skating academy. Highlights during FY2024 included hosting "Skate Asia 2023", the world's largest recreational figure skating event with 1,750 competitors participating in over 4,300 events, and the "Greater Bay Championships 2", featuring 16 ice hockey teams from 10 countries and cities.

DBIR's state-of-the-art facilities and international-standard venue have established it as a preferred training venue. Notably, it hosted regular training sessions for the Hong Kong Short Track Speed Skating team and the Hong Kong Figure Skating Team, as well as the acclaimed 2023 Winter Olympic Stars Training Camp, organised by Hong Kong Speed Skating Academy. Professional training and competition aside, leisure skating remained a sought-after hobby. The ice painting activity introduced in December 2023 proved popular during public holidays and festive periods.

The Group holds a 50% interest in all of DB's leisure businesses.

OUTLOOK AND PROSPECTS

Looking to the future, geopolitical tensions and the ongoing effects of rigorous monetary tightening in advanced economies over the past few years will continue to affect global economic growth and investment flows in the near future.

In face of the forthcoming challenges, the Group has implemented stringent cost control measures, re-prioritised its projects and streamlined its operating structure to sustain efficiency and competitiveness. Because of this, and its flexibility and adaptability, the Group is confident that it is well-prepared for the ever-evolving macro-economic landscape.

The competence and resilience of the Group's business operations across the regions were tested during the pandemic. The Group remains cautiously optimistic about the market and will follow its proven diligent approach in pursuing sound investment prospects in the property and hospitality sectors, and solidifying its position as a reputable market participant.

FINANCIAL REVIEW

SEGMENT RESULT ANALYSIS

Property Development

During FY2024, the Group recognised a segment revenue of HK\$2,554.8 million (2023: HK\$274.3 million) and segment loss of HK\$221.3 million (2023: profit of HK\$213.2 million) from property sales and other services rendered in Hong Kong and mainland China. Despite sales launch of Starlight One, a project in Jiaxing, the PRC in March 2023 led to a rebound in segment revenue from the last year, segment loss was recorded as a result of the Group's recording of non-recurring asset impairment provisions of approximately HK\$336.3 million for certain properties held for development, under development and for sale of the Group and its joint ventures as of 31 March 2024 as well as the lack of disposal gain of property project during the year (note: a net gain of disposal of a joint venture of HK\$368.0 million was recorded in 2023).

As the competition among property developers becoming more intense in the second half of the year, putting pressure on prices and margins, the Group has recognised respective impairment losses on certain property assets reflecting net realisable value under prevailing market circumstances.

As of 31 March 2024, the Group has HK\$771.5 million contracted but unrecognised property sales.

Property Investment

The Group recorded segment revenue of HK\$551.0 million (2023: HK\$585.3 million) and segment profit of HK\$597.7 million (2023: HK\$605.4 million) from its investment properties portfolio in Hong Kong and mainland China for the FY2024 with the Group's share of results of HTH, the group's flagship project in Shanghai, PRC. Decline in segment revenue and profit was mainly attributable to the decline in occupancy rates of major properties in Hong Kong and mainland China.

In view of the slow-down of local economy and rental property market, the Group recognised net unrealised fair value losses attributable to the Group of HK\$263.9 million with reference to the valuation report from independent valuer. This amount has not been included in the segment profit above.

Transportation Services and Property Management

The segment recorded revenue of HK\$285.8 million (2023: HK\$270.8 million) and profit of HK\$11.0 million (2023: HK\$53.9 million) for the FY2024. Despite demand for ferry and bus services in DB has stabilised during the year, average daily ridership has yet to catch up with the pre-covid levels. Besides, transport operations have faced challenges of rising fuel costs and higher staff overtime costs as a result of shortage of operation staff while received smaller amount of subsidies from the government. The other factor affecting the segment's operating performance included asset impairment provision of HK\$5.4 million (note: an impairment provision of HK\$6.5 million was reversed in 2023). Property management services continued to provide a stable contribution to both revenue and net profit of the Group for the year.

Hotel Operations

The segment recorded revenue of HK\$252.3 million (2023: HK\$274.7 million) and loss of HK\$22.5 million (2023: HK\$4.4 million) for the FY2024. The enlarged segment loss is primarily attributed to low occupancies. The Sukhothai Bangkok's occupancy has remained low during the year as the guest room and spa facilities were undergoing renovation. Auberge Discovery Bay Hong Kong's occupancy has decreased as compared to that of the preceding year due to increasing trend of out-bound cross-border travel which has largely offset the inbound tourism and the increase in competition at Lantau Island, leading to lower demand for rooms and food and beverages. Auberge Discovery Bay Hong Kong has lowered its room rates to attract visitors' stays.

Leisure Businesses

The segment including mainly DBRC, Club Siena, DBGC, LYC, DBIR and Peony Chinese Restaurant. The segment recorded revenue of HK\$296.8 million (2023: HK\$288.6 million) and loss of HK\$73.2 million (2023: profit of HK\$2.7 million) for the FY2024. Segment loss was mainly attributed to absence of income from membership fee forfeited as recorded in the preceding year, reduction in government subsidies during the year as well as recording of asset impairment provisions of HK\$52.1 million.

LIQUIDITY AND FINANCIAL RESOURCES

Net Debt and Capital Structure

As of 31 March 2024, the Group had total bank balances and cash of HK\$1,605.8 million (2023: HK\$6,212.6 million) and a net debt of HK\$9,021.4 million (2023: HK\$5,366.5 million) after deducting total bank borrowings and other loans of HK\$10,627.2 million (2023: HK\$11,579.1 million). The decrease in bank balances and cash was partly attributable to the refund of over-subscription monies received from property buyers totaling HK\$1,206.6 million in April 2023.

As of 31 March 2024, about 33% of the Group's bank balance and cash were denominated in Hong Kong dollars, 27% in Renminbi, 14% in US dollars, 17% in Japanese Yen and the remaining were mainly in Singapore dollars and Thai Baht.

As of 31 March 2024, the Group's debt portfolio comprised of primarily bilateral and syndicated bank loans to finance its general working capital and the development projects. The unlisted notes of HK\$300 million was issued under Medium Term Note programme in May 2021.

The maturity profile of bank borrowings and other loans were 35.2% (2023: 19.8%) falling within one year, 27.2% (2023: 34.2%) falling between one and two years, 34.8% (2023: 43.4%) falling between two and five years and 2.8% (2023: 2.6%) falling over 5 years.

As of 31 March 2024, all bank borrowings and other loans were on floating rate basis whereas the unlisted notes were with fixed coupon rate. The Group's total bank borrowings and other loans were all denominated in Hong Kong dollars.

Shareholders' Fund and Gearing

As of 31 March 2024, the shareholders' fund of the Group decreased by HK\$1,039.6 million to HK\$23,358.3 million (2023: HK\$24,397.9 million).

The Group's gearing ratio was 38.6% (2023: 22.0%) as calculated by the Group's consolidated net borrowings to the shareholders' fund as of 31 March 2024. The consolidated net borrowings as of 31 March 2023 included bank balances and cash of HK\$1,206.6 million, being the over-subscription monies received from property buyers which have been refunded in April 2023. If these amounts were excluded, the gearing ratio would be 26.9%.

Availability of Facilities

Total available loan facilities as of 31 March 2024 were HK\$17,611.0 million (2023: HK\$17,523.8 million), of which 83.5% were committed.

As of 31 March 2024, the unutilised credit facilities were approximately HK\$6,958.2 million (2023: HK\$5,918.2 million). The Group closely monitors its liquidity requirements and arranges financing for its development projects and operations as and when appropriate.

During FY2024, the average financing cost was at 5.9% per annum as compared to 3.3% per annum in the preceding year.

With the unutilised loan facilities, cash on hand and expected cash flows from operations, the Group has sufficient financial resources to fund its current commitments and future potential investment opportunities ahead.

TREASURY POLICY

The Group has centralised treasury functions and adopted a conservative approach for its treasury management. The Group closely reviews and monitors its foreign currency exposure. To manage foreign currency exposure in certain overseas investments, the Group maintains certain naturally hedged positions and will make any swap or future arrangements as appropriate. The Group's banking facilities are principally on floating rate basis and interest rate swaps will be employed to manage interest rate risk for its short- to medium-term borrowings when appropriate and necessary.

The use of derivative financial instruments is strictly controlled and are primarily used for management of interest rate and currency exposures. It is the policy of the Group to restrict the use of financial derivatives for speculative purpose.

MAJOR ACQUISITIONS AND PROJECTS

During the FY2024, the Group completed the acquisition of a piece of land lot in Jiaxing, PRC by settlement of land cost balance payment of HK\$1,273.9 million.

In June 2023, the Group acquired the Hotel Kanronomori in Niseko, Hokkaido, Japan for a consideration of HK\$117.9 million.

PLEDGE OF ASSETS

As of 31 March 2024, the loans advanced to a joint venture by the Group including interest payable amounting to approximately HK\$1,695.8 million (2023: HK\$1,506.3 million) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development project in Tai Po.

In addition, as of 31 March 2024, no bank loan of the Group was secured by investment properties (2023: HK\$434.0 million).

FINANCIAL GUARANTEE CONTRACTS

The financial guarantee contracts relating to a corporate guarantee in the Group's proportionate share given to bank was released (2023: HK\$98.9 million) in October 2023 after loan refinancing of an investee company.

The Company provided a corporate guarantee in proportionate share to banks for securing a banking facility granted to a joint venture to finance the development project in Tai Po. The bank loan balance in proportionate share of 40% is HK\$884.5 million (2023: HK\$1,252.0 million) as of 31 March 2024.

Save as disclosed above, the Group did not have other significant financial guarantee contract as of 31 March 2024.

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

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

CORPORATE GOVERNANCE

During the year under review, the Company has applied the principles and fully complied with the code provisions and certain recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules with more details to be set out in the Corporate Governance Report contained in the Annual Report 2023/2024 of the Company which will be published shortly.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group for the FY2024 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the FY2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

By order of the Board
HKR International Limited
CHA Mou Zing Victor
Executive Chairman

Hong Kong, 19 June 2024

As at the date of this announcement, the Board comprises:

Executive Chairman

Mr CHA Mou Zing Victor

Non-executive Deputy Chairman

Ms WONG CHA May Lung Madeline

Executive Directors

Mr TANG Moon Wah (*Managing Director*)

Mr CHEUNG Ho Koon

Mr LEE Ivan Wank-hay

Ms NGAN Man Ying

Non-executive Directors

Mr CHA Mou Daid Johnson

Mr CHA Yiu Chung Benjamin

Independent Non-executive Directors

Mr CHEUNG Wing Lam Linus

Mr FAN Hung Ling Henry

Ms Barbara SHIU

Mr TANG Kwai Chang

* Registered under the predecessor ordinance of the Companies Ordinance, Chapter 622 of the laws of Hong Kong