Hon Kwok Land Investment Company, Limited

Stock Code: 160

2025/26
Annual Report

CONTENTS

INTRODUCTION TO THE GROUP

Hon Kwok Group principally engages in property development, property investment (portfolio includes office, data centre and hotel properties) and property-related and carpark management businesses, with commercial operations in Hong Kong, Shenzhen, Guangzhou, Nanhai and Chongqing. In recent years, we have been investing in hotel properties in Japan.

Hon Kwok Land is listed on the Main Board of the Stock Exchange (stock code: 160).

PORTFOLIO HIGHLIGHTS

31 March 2026

Osaka
- R Hotel Namba South
- R Hotel Kansai Airport
- R Hotel Namba Daikokucho
- R Hotel Ave Tennoji

Okinawa
- Private Villa Gushikumui

Chongqing (Liangjiang New Area)
- Chongqing Hon Kwok Centre
- Chongqing Jinshan Shangye Zhongxin

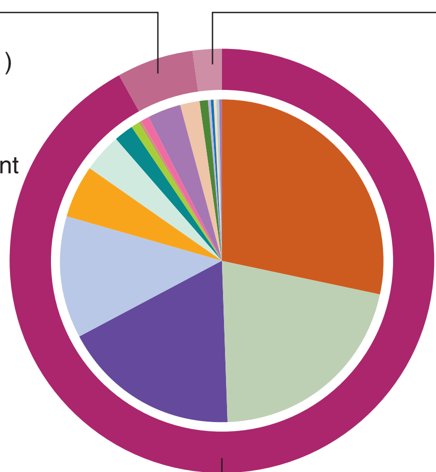
Guangzhou
- Hon Kwok Building (Yue Xiu District)
- Ganghui Dasha (Yue Xiu District)
- Tung Hing Fong (Yue Xiu District)
- Center Plaza (Tian He District)

Shenzhen
- Hon Kwok City Commercial Centre (Fu Tian District)
- City Square (Luo Hu District)
- City Suites (Luo Hu District)
- Enterprise Square (Nanshan District)

Hong Kong
- Digital Realty Kin Chuen (HKG11) (Kwai Chung)
- Hon Kwok Jordan Centre (Tsim Sha Tsui)
- The Bauhinia Hotel (Central)/ The Bauhinia Serviced Apartment

PORTFOLIO FOR INVESTMENT PROPERTIES (BY REGION) (BY GROSS FLOOR AREA (SQ. FT.))

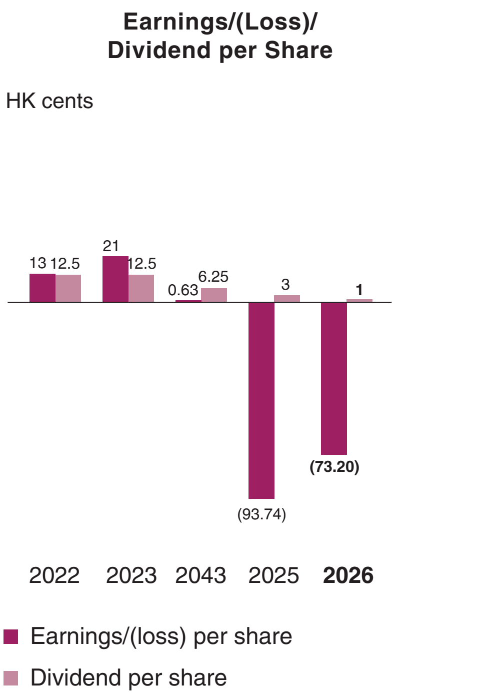
Hong Kong
6%
- Digital Realty Kin Chuen (HKG11) (Kwai Chung)
- The Bauhinia Hotel (Central)/ The Bauhinia Serviced Apartment
- Hon Kwok Jordan Centre (Tsim Sha Tsui)

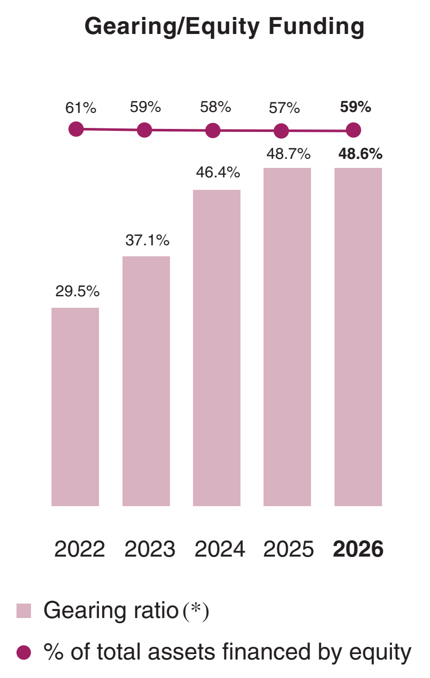


Japan
2%
- R Hotel Namba South Osaka
- Private Villa Gushikumui Okinawa
- R Hotel Ave Tennoji Osaka
- R Hotel Namba Daikokucho Osaka
- R Hotel Kansai Airport Osaka

Chinese Mainland
92%
- Chongqing Jinshan Shangye Zhongxin
- Shenzhen Hon Kwok City Commercial Centre
- Chongqing Hon Kwok Centre
- Shenzhen Enterprise Square
- Guangzhou Hon Kwok Building
- Shenzhen City Square
- Guangzhou Ganghui Dasha
- Guangzhou Tung Hing Fong
- Shenzhen City Suites
- Guangzhou Center Plaza

FINANCIAL HIGHLIGHTS





(*) Representing ratio of "bank borrowings + lease liabilities – bank balances" to "shareholders' funds + non-controlling interests"

Dear Shareholders,

Straight talk: We had another tough year. But there is light at the end of the tunnel.

This was a hard year. Net loss of HK$510 million. Revenue down 17.8%. Operating profit fell 30.5%. I'm not going to bury those numbers in qualifications or dress them up with careful language. You deserve to know that we are not using optimism as a strategy.

And here's what we are doing about it:

– we are managing this company with discipline,
– we are protecting your equity,
– and we are building something that will be worth considerably more when this cycle turns.

Shareholders' equity held essentially flat at HK$10,347 million. Net assets per share: HK$14.36. Essentially, we did not destroy value, and in this environment, that matters.

Here's an honest look at the numbers

Leasing income grew 5.1% to HK$460 million. In a weak office market with new supply continuously coming online, that's a genuine achievement. This result reflects the quality of our assets, not luck. Property sales revenue declined sharply, and that pulled total revenue down to HK$832 million. We saw this coming. Fewer units to deliver means less recognized revenue. That's purely accounting, not a true reflection of the underlying business. We are steadily selling our remaining inventory and maintaining a decent price.

The revaluation loss on investment properties was a painful HK$641 million, but it's 5.6% smaller than last year's HK$679 million loss. The pace of markdowns is slowing. While this may not be the bottom on valuations, but the direction matters. After two years of sharp corrections, we are beginning to see stabilization in the market.

The World that we're navigating through

I want to be realistic about the macro environment, because I think too many companies in this sector are still hoping the old normal comes back. It isn't coming back – at least not quickly. The challenges facing the property sector are structural and not just cyclical.

Interest rates are elevated longer than the market expected. And they are going to stay there for a while. Capital has become highly selective. Geopolitical fragmentation is ongoing. The US-China tensions haven't gone away just because there's been high-level diplomatic engagement. Tariffs, technology restrictions, and strategic competition are reshaping investment flows in ways that will persist for years.

In China, the government has done the right things, like easing purchase restrictions, cutting mortgage rates, supporting demand, etc.. Transaction volumes have stabilized. But consumer and investor confidence takes longer to rebuild than policy takes to change. We need to be patient and let this play out.

Hong Kong's office market remains oversupplied and competitive. While core rental prices have stabilized, peripheral areas remain weak. Retail is improving, residential transaction volumes are ticking up, but nobody should be forecasting a sharp V-shaped recovery in commercial real estate here.

What I am excited about is technology: robotics, the low altitude economy, artificial intelligence, and data infrastructure are attracting serious capital and policy support across the Greater Bay Area. That structural shift is real, and it directly benefits the kinds of assets we own and are building.

What we actually did this year

The Riverside in Guangzhou continued to sell, HK$308 million in recognized revenue. This project has all the right factors: Prime riverside location, premium product, and disciplined pricing. We released additional units during the year, and more are coming to market. The pipeline has real upside.

Our Guangzhou commercial cluster (including Hon Kwok Building, Tung Hing Fong, and Ganghui Dasha alongside The Riverside) is genuinely working. Hon Kwok Building went from 5% occupied to 54% occupied during the year. It is now 89%. Tung Hing Fong retail went from 42% to 71% and is now at 99%. Those aren't incremental improvements. That's a commercial district coming alive, and we built it.

Shenzhen's Hon Kwok City Commercial Centre hit 75% occupancy, up from 63%. We added a hotel operator on the top floors to improve our tenant mix and commercial offering. We're targeting occupancy to reach 80% by the third quarter of 2026. We'll get there.

Japan remained a standout. Our hotel portfolio ran at 91% average occupancy. Japan's inbound tourism boom is real, and we positioned ourselves to capture it. In addition to buying and opening new assets, we also believe in disciplined capital recycling and taking advantage of the upswing. We've disposed of two hotel assets post-year-end at meaningful premiums to acquisition cost.

The Bauhinia Hotel and Serviced Apartment in Central reopened in January 2026, and early performance has been strong. We refurbished this asset with purpose, updating the image with a new design, solar-integrated curtain wall, genuine ESG credentials that aren't just marketing. This is a flagship that will contribute in the coming year and grow our recurring income base for years to come.

Our data centre in Kwai Chung remains 100% leased on a long-term basis to a leading international operator. Stable. Predictable. Exactly aligned with where technology infrastructure demand is heading.

Our South Bay luxury joint venture is on schedule. Infrastructure will be completed by the third quarter of 2026, with sneak peeks available by 2027.

The Balance Sheet – We Are Being Responsible

We reduced total debt from HK$6,344 million to HK$5,981 million. Gearing came down from 48.7% to 48.6%. We sold The Bauhinia Hotel in Tsim Sha Tsui for HK$338 million and redeployed the capital. Taking a small loss on that disposal was the right call – we freed up capital, reduced debt, and removed a non-core asset.

I want to be transparent about our refinancing position. Approximately 38.5% of our borrowings mature within a year. We are actively working through extensions on HK$1,965 million syndicated facilities. We have strong, long-standing banking relationships, and I am confident that we will resolve this.

Where We Go from Here

There is no rapid recovery coming.

Instead, we are entering a phase of stabilization. The brutal valuation corrections of the past two years are moderating. Occupancy rates across our portfolio are moving in the right direction. Our new leasing products – Hon • Link, Hon • Work and Hon • Cowork – are gaining attraction in the market because they solve real problems for real tenants.

Our priorities are straight forward and deliverable: maintain financial discipline, keep building recurring income, drive occupancy across every asset we own, and recycle capital when we can get good prices. We have a luxury residential development at Repulse Bay completing in 2028 that will be exceptional. We have further Riverside inventory coming to market. We have a portfolio of investment properties that in a normalized environment will generate substantially more income than they do today.

Going forward, I'm optimistic that the Greater Bay Area will keep growing. Technology and data infrastructure will keep attracting capital. Hong Kong, despite its challenges, remains one of the world's great financial and commercial centers. We own premium assets at the heart of all of this key geography.

Our Managing Director Mr. Donald Lam and his young team are extraordinarily well tuned to both the capital as well as the business markets. And their continuing innovations show our ability to adjust to evolving sentiments.

We will come through this cycle stronger. I am certain of it.

Our shareholders have stood by this Company through thick and thin, and we do not take that loyalty for granted. Therefore, we must occasionally take a longer view and make tough decisions. In light of the current headwinds, the Board will propose a dividend of one cent for the financial year. This decision wasn't made lightly, but keeping our cash reserves robust and our capital base rock-solid is our highest fiduciary duty to you right now.

To Our People and Partners

Our team of 300 executed well under genuine pressure this year. I want to acknowledge that directly. Running a leasing operation, managing a construction pipeline, operating hotels across multiple markets, and maintaining financial discipline in this environment all at once is hard work, and they delivered.

On behalf of the Board, I'd like to thank my fellow Directors for their guidance and support. To our shareholders, partners, and banking relationships: thank you for your continued confidence. We do not take your trust in us for granted, and we are committed to earning it through results.

James Sing-Wai Wong
Chairman
Hong Kong, 29 June 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Building our businesses with heart, pursuing progress with stability

Mission Statement:

"To deliver sustainable risk-adjusted returns, maximizing long-term stakeholders' value, through disciplined capital allocation across the full property lifecycle – from strategic development and active asset management to hospitality and lifestyle services, capitalizing on urban regeneration opportunities."

Business Review

During the year, the Group continued to focus on property development, property investment, property management services and hotel operations in Hong Kong, the Chinese Mainland and Japan.

As part of its macroeconomic policies to further strengthen domestic consumption, the Mainland Government relaxed home purchase restrictions, reduced the minimum down payment ratio and lowered housing loan interest rates to support the real estate market and stimulate housing demand. Residential property transaction volumes showed a gradual recovery. The general market in Guangzhou has been recovering slowly, but our sales of The Riverside in Guangzhou remained stable, supported by its prime location and premium quality.

During the year, the number of visitor arrivals to Hong Kong and overnight stays continued to increase. The Group's hotel and serviced apartment operations in Central, Hong Kong have delivered strong revenue growth since its reopening in January 2026.

The leasing markets in Hong Kong and the Chinese Mainland remained challenging. Driven by contributions from its newly built retail and office properties in Guangzhou and its newly acquired hotel portfolio in Japan, the Group recorded an increase in rental income despite the prevailing market slowdown. The Group remain confident in the demand for grade A offices as prospective tenants continue their flight to quality towards premium buildings in prime locations. Our unique range of self-developed leasing products such as Hon • Link, Hon • Work and Hon • Cowork that designed to address the evolving needs of modern businesses has been well received in the market since their launch. Each product offering provides tailored workspace solutions that combine flexibility, functionality and premium service quality.

Hon • Link (Custom-Fitted Office Space) delivers bespoke office environments that are carefully customized to meet the unique operational and branding requirements of individual clients, enabling companies to establish a strong corporate identity while optimizing space efficiency. Hon • Work (Premium Business Center) offers a fully serviced business center experience, providing high-quality office facilities, professional support services, and a prestigious business setting ideal for established enterprises seeking convenience and scalability. Meanwhile, Hon • Cowork (Flexible Micro Office) caters to startups, entrepreneurs and agile teams by offering flexible micro-office solutions that prioritize affordability, mobility and collaborative opportunities within a dynamic work environment. Together, these innovative solutions form a comprehensive ecosystem that supports businesses across different growth stages and operational models. Their strong market reception reflects not only the relevance of our offerings but also our commitment to delivering customer-centric, forward-looking workspace solutions that enhance productivity and business performance.

(i) Property Development

(1) The Riverside 港匯臺, Guangzhou (100% owned by the Group)

The Riverside is one of the few new riverside residential developments in Beijing Road of Guangzhou. It offers ready-for-sale residential units with prime orientations overlooking the Pearl River, featuring premium high-rise residences with a distinctive retro-style Qilou design and high-quality finishes. By the end of 2025, four residential units previously subject to a court-ordered restriction were released and available for sale. Up to 31 March 2026, 148 saleable units (previously 144) have been made available for sale and more will be made available in coming months. This is expected to bring additional revenue upside for the Group.

Since its launch for pre-sale in October 2023, The Riverside recorded a sale of 89 units as at the date of this report, with an aggregate sales amount of approximately HK$926 million. Revenue of approximately HK$308 million in respect of 34 fully paid and delivered units were recognised during the year, as compared to 40 units with the revenue of HK$399 million recognized in the prior year.

The Riverside

(2) Botanica 寶翠園, Guangzhou (60% owned by the Group)

Botanica is a residential project located in Tianhe District of Guangzhou and was completed in 2016 with all residential units sold in prior years. The remaining car parking spaces were held as inventory, of which revenue of approximately HK$8 million was recognised for the year (2025: HK$45 million).

(3) *Metropolitan Oasis 雅瑤綠洲, Nanhai (100% owned by the Group)*

Metropolitan Oasis is a residential project located in Dali District of Foshan Nanhai and was completed in 2020. The remaining residential units were sold last year, with revenue of approximately HK$84 million recognised in 2025. During the year, all the remaining car parking spaces and retail shops were fully sold, contributing approximately HK$21 million to the Group's revenue.

(4) *Enterprise Square 僑城坊, Shenzhen (20% owned by the Group)*


Enterprise Square

The Enterprise Square is a large-scale, premium eco-friendly business complex located in the Overseas Chinese Town area of Nanshan District of Shenzhen, with a total gross floor area of approximately 224,500 square meters. The project comprises 12 standalone buildings and integrates a diverse range of functions, including premium luxury residential apartments, offices buildings and commercial mall. The unsold residential units are classified as properties held for sale, the office tower and commercial mall are recognized as investment properties for rental income generation, with a stable occupancy rate of 90% as at the year-end date. During the year, Enterprise Square recorded total revenue of approximately HK$189 million (2025: HK$172 million), comprising both property sales and rental income. The complex recorded a net loss attributable to the Group, after deducted fair value loss on investment properties, amounted to approximately HK$7 million (2025: net profit of HK$0.2 million).


Development project in Repulse Bay

(5) *Development project on South Bay Road, Repulse Bay (50% owned by the Group)*

The Repulse Bay project is located at traditional luxury residential area in Repulse Bay whereas the Group holds 50% equity interest. It is being developed into luxury residences with endless intoxicating sea views, featuring a stunning panoramic view of Repulse Bay. The development project is expected to be completed in 2028.

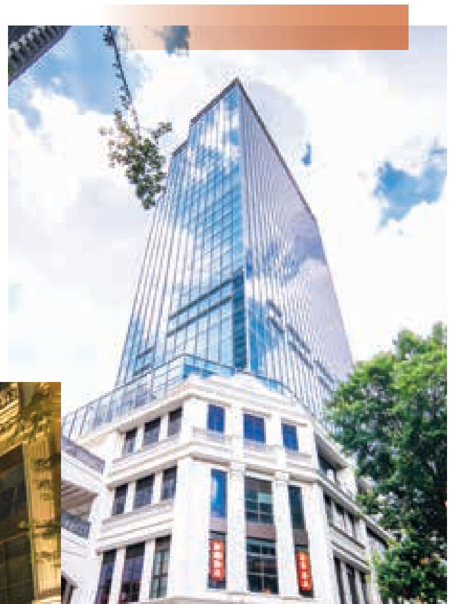
(ii) Property Investment

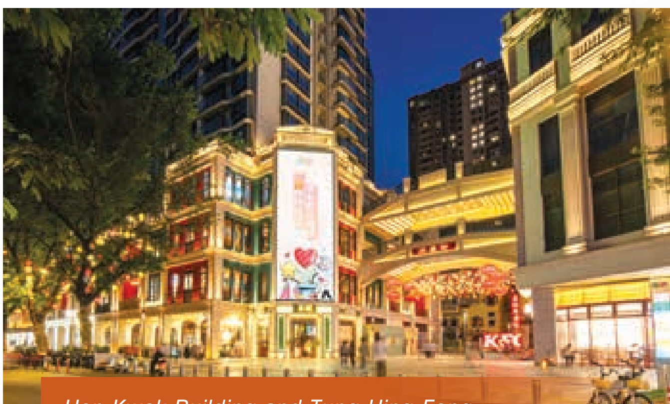
The Group's investment properties contributed rental income of approximately HK$460 million (2025: HK$438 million) to revenue for the year, representing a year-on-year increase of 5.1%. The property portfolio comprises a diversified mix of retail, office, data centre and hotel properties located in Hong Kong, the Chinese Mainland and Japan, and is strategically positioned to capture growth opportunities and deliver steady long-term value. During the year, the Group's major property investment projects demonstrated strong resilience despite industry pressures, maintaining competitive rental levels and increasing occupancy rates at the forefront of the market.

(1) Hon Kwok Building and Tung Hing Fong 漢國大廈及同慶坊, Guangzhou (100% owned by the Group)

Hon Kwok Building is a 32-storey commercial and office tower with a gross floor area of approximately 31,300 square meters. Located at Beijing Road of Guangzhou and adjacent to The Riverside, the building sits within an area renowned for its rich historical character and ongoing urban revitalisation. The building has been awarded the Leadership in Energy and Environmental Design (LEED) Gold certification. Completed in late 2024, Hon Kwok Building has demonstrated strong leasing momentum, with its occupancy rate surging from 5% in March 2025 to 54% by this financial year-end and further to 89% at the date of this report.

Tung Hing Fong is the retail component occupying the podium levels of The Riverside and Hon Kwok Building, comprising five exquisitely designed podium structures with distinctive retro-style Qilou design, it enjoys high pedestrian traffic in this prime location. The occupancy rate of Tung Hing Fong increased significantly from 42% in March 2025 to 71% by this financial year-end and further to 99% at the date of this report.





Hon Kwok Building and Tung Hing Fong

(2) *Ganghui Dasha 港滙大廈, Guangzhou (100% owned by the Group)*

Ganghui Dasha is a 20-storey commercial and office building with a total gross floor area of approximately 13,000 square meters. As at the year-end date, Ganghui Dasha achieved an improvement in occupancy rate to 85% from 79% in the previous year.

It is located along Beijing Road of Guangzhou in close proximity to The Riverside. Ganghui Dasha, Hon Kwok Building and Tung Hing Fong together form an integrated cluster of developments that create strong synergy in attracting high pedestrian traffic. They contribute to a vibrant and evolving commercial ecosystem, enhancing the overall vitality and attractiveness of the area.

(3) *Hon Kwok City Commercial Centre 漢國城市商業中心, Shenzhen (100% owned by the Group)*

Hon Kwok City Commercial Centre is a landmark 75-storey office tower rising 330 meters above the ground with a total gross floor area of approximately 128,000 square meters. The building is located in the prime commercial district of Futian in Shenzhen. It offers high-quality grade A office and retail component positioned at the heart of the Shenzhen Hong Kong Science and Technology Innovation Cooperation Zone. It was awarded the Leadership in Energy and Environmental Design (LEED) Platinum certification and continued to maintain the WELL Health-Safety Rating during the year.


Hon Kwok City Commercial Centre

During the year, the top nine floors were leased to a tenant for hotel operations under "Intercity" four-star brand. This arrangement is expected to enhance the building's tenant mix and overall commercial offerings. As at the year-end date, Hon Kwok City Commercial Centre achieved an increase in overall occupancy rate to 75% from 63% in the previous year, with further growth expected to reach 80% by the end of the third quarter of 2026.

(4) *City Square and City Suites 城市天地廣場及寶軒公寓, Shenzhen (100% owned by the Group)*

City Square is a 5-storey commercial building located in Jiabin Road of Shenzhen, adjacent to Luohu Port and directly opposite to China Resources MixC in Luohu. Along with the City Suites on the upper floors, City Square is designed as a vibrant urban hub, offering a curated mix of retail and lifestyle offerings to meet the needs of the surrounding business community and residents.

City Suites occupies levels 32 to 39 of City Square, offering a collection of 64 premium serviced apartment units that deliver refined urban living experience for residents in one of Shenzhen's most desirable locations.

During the year, City Square and City Suites implemented a series of upgrades to enhance tenant operations and elevate the overall customer experience. As at the year-end date, the overall occupancy rate increased to 96% from 93% in the previous year.

(5) *Chongqing Hon Kwok Centre 重慶漢國中心, Chongqing (100% owned by the Group)*

Chongqing Hon Kwok Centre is a 25-storey twin-tower integrated office complex with a 4-storey retail and commercial podium, offers a total gross floor area of approximately 108,000 square meters. The building is located in Liangjiang New Area of Chongqing, the core of Chongqing's northern CBD area, a key district earmarked for growth by the municipal government. As at the year-end date, Chongqing Hon Kwok Centre achieved an increase in occupancy rate to 67% from 65% in the previous year.

Chongqing Hon Kwok Centre offers open-plan shared spaces, enhanced by natural ventilation and daylighting systems to promote energy conservation and environmental sustainability. The design incorporates multi-layered vertical landscaping features, creating a green and engaging urban office environment. The office spaces are further enhanced by the provision of open-plan shared areas, fostering collaboration, flexibility and a dynamic workplace culture. Our full suite of self-developed leasing solutions including Hon • Link, Hon • Work and Hon • Cowork are fully deployed in Chongqing.

(6) *Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心, Chongqing (100% owned by the Group)*

Chongqing Jinshan Shangye Zhongxin is another twin-tower development adjacent to Chongqing Hon Kwok Centre, comprising a 41-storey office tower and a 42-storey hotel-cum-office composite tower, each with a 4-storey retail and commercial podium, with a total gross floor area of approximately 173,000 square meters. As at the year-end date, Chongqing Jinshan Shangye Zhongxin recorded an increase in occupancy rate to 85% from 81% in the previous year.

Chongqing Hon Kwok Centre and Chongqing Jinshan Shangye Zhongxin

Benefited from the recent merger of three districts in Chongqing which is expected to enhance regional integration, with improved connectivity and growing demand, Chongqing Jinshan Shangye Zhongxin and Chongqing Hon Kwok Centre are well positioned to attract more tenants and increase occupancy rates further.

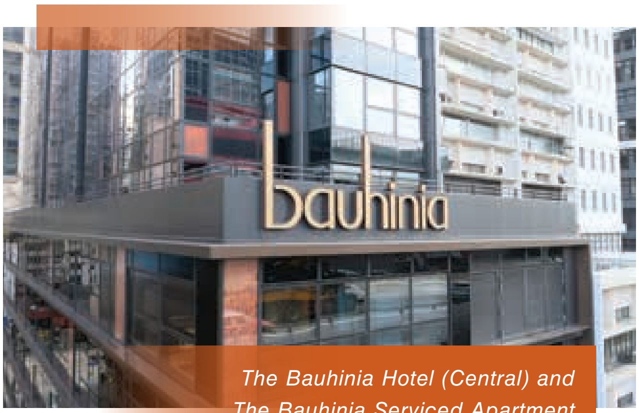
(7) *Digital Realty Kin Chuen (HKG11) (100% owned by the Group)*

Digital Realty Kin Chuen is a 12-storey above ground and a 2-level basement with a gross floor area of approximately 228,000 square feet. Located at Kin Chuen Street of Kwai Chung of New Territories, the building is entirely leased to a leading international data centre operator on a long-term basis with progressive rental increments. During the year, Digital Realty Kin Chuen continues to generate stable and solid income stream to the Group.

(8) *Hon Kwok Jordan Centre 漢國佐敦中心 (100% owned by the Group)*

Hon Kwok Jordan Centre is a 23-storey commercial and office building with a gross floor area of approximately 62,000 square feet, located at Hillwood Road of Tsim Sha Tsui. As at the year-end date, Hon Kwok Jordan Centre recorded an improvement in occupancy rate to 88% from 86% in the previous year, reflecting positive leasing momentum and sustained demand for its office space.

(9) *The Bauhinia Hotel (Central) and The Bauhinia Serviced Apartment 寶軒酒店（中環）及寶軒服務式住宅 (100% owned by the Group)*



The Bauhinia Hotel (Central) and The Bauhinia Serviced Apartment

The Bauhinia (Central) is a 20-storey commercial building composite retail, hotel and serviced apartments, located in the heart of Sheung Wan. The Bauhinia Hotel (Central) and the Bauhinia Serviced Apartment, situated within the building, re-opened in January 2026 with a new design concept incorporating stamp-frame motif aesthetics. The project has made meaningful progress in enhancing sustainability and climate resilience through the introduction of a new glass curtain wall with a grid-connected solar solution, this building-Integrated Photovoltaic (BIPV) system integrates solar panels directly into the building structure, improving energy efficiency and reducing carbon emissions.

The Bauhinia Hotel (Central) is a four-star boutique hotel comprises 44 rooms, occupying the four podium floors of the building, of which 31 rooms were available for rent as at the year-end date. The Bauhinia Serviced Apartment comprises of 112 units located above the hotel, of which 48 units were available for leasing as at the year-end date. The complex of hotel and serviced apartments provides a range of amenities including a fitness centre and restaurant, while selected rooms offer views of Victoria Harbour.

(10) *Hotels in Japan*

During the year, the Group operated seven hotels in Japan in collaboration with a joint venture partner, primarily located in Tokyo, Osaka and Okinawa. One of the hotels in Tennoji has been temporarily closed for renovation since January 2026 and is scheduled to reopen in October 2026. Supported by a full year of operations and a booming tourism market in Japan, the investment property portfolio posted higher rental income, with an average occupancy rate of 91% at the year-end date.

(iii) Property Management and Other Business

The Group provides property and car park management services in Hong Kong and continues to explore the catering business under the name Chef Kam Japanese Cuisine. During the year, property management and other businesses contributed approximately HK$35 million (2025: HK$46 million) in revenue to the Group.

Financial Review

Revenue

For the year ended 31 March 2026, the Group recorded total revenue of approximately HK$832 million, representing a 17.8% decrease compared to last year, the decline was primarily attributable to reduced revenue from property sales.

Despite a weak office leasing market in general, the Group's revenue from property leasing segment increased by 5.1% to approximately HK$460 million. This growth was primarily driven by the strong performance of the Guangzhou buildings which provided additional leasable area and contributed progressively higher rental income, in addition to the solid performance of the hotel portfolio in Japan for a full year operation, which partially offsetting the softer demand in the overall market.

Other Income

Other income of the Group comprised interest income from bank deposits, reversal of prior over-provisions, forfeited rental deposits, government subsidies and sundry income. For the year under review, other income amounted to approximately HK$50 million (2025: HK$51 million).

Disposal of Subsidiaries

On 28 October 2025, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of its interests in the hotel property located at Knutsford Place, Nos. 5, 7 and 9 Observatory Court, Kowloon, Hong Kong via sale of share together with assignment of shareholder's loans in Oseling Investments Limited, an indirect wholly-owned subsidiary of the Company, and its subsidiaries (altogether the "Target Group") for a consideration of HK$338 million. Following completion of the transaction on 12 December 2025, the Group ceased to have any interest in the Target Group and no longer operating the hotel. A small loss on disposal of approximately HK$14 million was recognised for the year.

The transaction constituted a major transaction to the Group under the Listing Rules. Details of the transaction were set out in the announcement of the Company dated 28 October 2025 and the circular of the Company dated 17 December 2025.

Property Revaluation

As at 31 March 2026, the Group's investment properties were valued at a total of HK$14,406 million. These comprised primarily the Chinese Mainland portfolio of approximately HK$9,360 million and the Hong Kong portfolio of approximately HK$4,667 million. These properties were appraised by an independent valuer, Savills Valuation and Professional Services Limited, as of the same date.

A revaluation loss of approximately HK$641 million was recorded for the year (2025: HK$679 million). The Chinese Mainland portfolio recorded a revaluation loss of approximately HK$594 million, representing less than 6.4% of the portfolio value as of 31 March 2025. The Hong Kong portfolio had a revaluation loss of approximately HK$58 million, representing less than 1.2% of the portfolio value as of 31 March 2025.

Operating Profit and Loss for The Year

The Group's overall operating profit represents the profit generated from its business operations excluding finance costs, the changes in fair value of investment properties and income tax credit/(expense), amounted to approximately HK$312 million for the year, representing a decrease of 30.5% from HK$450 million last year. The decline in operating profit was primarily due to reduced revenue from property sales.

After taking into account the revaluation loss on investment properties, finance costs and income tax credit/(expense), the Group reported a loss for the year of approximately HK$510 million, representing a 16.3% reduction with the net loss of HK$609 million in the prior year.

Liquidity and Financial Resources

During the year, the Group financed its operations and investment activities through a combination of operating cashflows and interest-bearing bank borrowings. As at 31 March 2026, the Group's total interest-bearing bank borrowings amounted to approximately HK$5,948 million (2025: HK$6,316 million), of which 28.6% was denominated in RMB, acting as a natural hedge against its net investments in the Chinese Mainland.

Regarding the maturity profile, approximately 38.5% of the borrowings were repayable within one year. The average tenure of the Group's debt portfolio was maintained at 2.7 years (2025: 3.5 years). At the date of this report, the Group successfully completed the refinancing of a HK$243 million term loan facility and is currently in the process of obtaining final approvals from respective credit risk departments of the syndicated banks for the extension of loan facilities of HK$1,965 million. These initiatives will lengthen the loan maturity profile and enhance funding sources for business development.

The Directors have given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to continue to attain profitable and positive cash flows from operations in the immediate and longer terms.

As at 31 March 2026, equity attributable to owners of the Company amounted to approximately HK$10,347 million (2025: HK$10,527 million).

Gearing Ratio

The gearing ratio of the Group is measured by the net interest-bearing debts of approximately HK$5,217 million (2025: HK$5,301 million) over the shareholders' funds plus non-controlling interests totaling approximately HK$10,734 million (2025: HK$10,883 million). The gearing ratio as at 31 March 2026 showed a slight improvement from 48.7% to 48.6%.

Funding and Treasury Policies

All deposits are placed with banks that carry a strong credit rating, with thresholds set for concentration management and routine monitoring of counterparty risk. Funding needs are closely monitored and regularly reviewed to allow for a fair degree of financial flexibility and liquidity while optimizing the cost of funds. The Group maintain various sources of debt financing channels to mitigate concentration risks.

For debt portfolio management, the Group prioritize mitigating foreign exchange, interest rate, and refinancing risks through a mix of Hong Kong Dollar and Renminbi borrowings with gradually increasing reliance on Renminbi denominated borrowings, a balanced combination of floating-rate debts, a staggered debt repayment profile, and diversified sources of funding.

The Group manages its foreign exchange risk by regularly reviewing its net exposure to foreign currencies, the management of the Group continuously monitors factors that may affect exchange rate fluctuations, including but not limited to changes in the economic environment, policy changes, and geopolitical events and considers taking appropriate hedging measures when necessary.

Pledge of Assets

As at the year-end date, properties with an aggregate carrying value of approximately HK$14,928 million (2025: HK$15,633 million) were pledged as security to banks in the Chinese Mainland and Hong Kong for majority of the banking facilities of the Group.

Employees and Remuneration Policies

As at 31 March 2026, the Group (not including its joint ventures and associates) had 300 employees (2025: 320). Employee costs (including Directors' compensation and before deduct the amount capitalised under properties under development) were approximately HK$66 million (2025: HK$79 million) for the year, representing a 17.1% reduction from previous year.

Employee compensation aligns with market trends and industry standards and is regularly reviewed based on individual performance. Besides basic salaries, our employees receive benefits including social security contributions, participation in an employee provident fund scheme.

Donald Yin-Shing Lam
Managing Director
Hong Kong, 29 June 2026

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

James Sing-Wai Wong

Aged 62, Mr. Wong is the Chairman and the Executive Director. He first joined the Board in 2017 and was appointed the Chairman in 2023. He graduated from the University of Washington with a bachelor's degree with honors in Economics. He also holds a Juris Doctorate degree from the University of California College of the Law, San Francisco (formerly known as University of California, Hastings College of the Law), and a master's degree in Systems Engineering and Information Systems from the Florida Institute of Technology. He is a member of the California Bar as well as a licensed California Real Estate Broker. He has accumulated over 30 years of experience in economics, law, management, and information systems in Hong Kong, United States, Canada, the United Kingdom, and the Chinese Mainland.

Mr. Wong is also the chairman and an executive director of Chinney Investments, a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company, and a director of Chinney Capital which is a shareholder of the Company. He is the chairman and an executive director of Chinney Alliance Group and an executive director of Chinney Kin Wing. He is also a director of certain subsidiaries of the Company. He is the son of late Dr. Wong, the Founding Chairman, and Madam Wong.

Donald Yin-Shing Lam

Aged 62, Mr. Lam was appointed as the Executive Director in April 2024 and subsequently promoted as the Managing Director in April 2025. He is also a director of certain subsidiaries of the Company. He is primarily responsible for the overall financial management and day-to-day operations of the Group. He has extensive experience in banking industry. He has been with Hang Seng Bank Limited (the "Bank") for the past 21 years, lastly as Head of Commercial Banking (Greater China) and a member of the Bank's Executive Committee before his retirement in January 2024. He planned, directed and managed the Bank's commercial banking business in the Greater China region as well as the functional departments of global trade and receivable finance, global payment solutions, insurance sales and corporate wealth management. Prior to this, he had been with HSBC Hong Kong for 14 years lastly as Head of Corporate Marketing and Planning for value transformation of the corporate and institutional banking business, before serving briefly as finance director of a HK-listed company for less than 3 years.

He is a certified banker of the Hong Kong Institute of Bankers and a chartered banker of the Chartered Banker Institute, United Kingdom. He obtained his Bachelor of Social Science (First Class Honor) in Economics and Management Studies from The University of Hong Kong in 1987 and Master of Science in e-Commerce and Master of Business Administration both from The Chinese University of Hong Kong.

Mr. Lam is an active participant in various community services. He served as board member, second vice president, campaign committee chairman and member of Executive Committee of the Community Chest from 2021 to 2022; a member of Chinese People's Political Consultative Conference of Guangxi Autonomous Region from 2013 to 2022; a member of Chinese People's Political Consultative Conference of Changsha City from 2008 to 2012; and a member of Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants from 2016 to 2022.

Mr. Lam is currently an independent non-executive director of Best Pacific International Holdings Limited (stock code: 2111), Karrie International Holdings Limited (stock code: 1050) and Man Wah Holdings Limited (stock code: 1999), all are listed on the Main Board of the Stock Exchange. Mr. Lam had been an executive director of Chinney Investments until December 2025.

NON-EXECUTIVE DIRECTORS

Emily Yen Wong

Aged 60, Dr. Emily Wong has been the Non-Executive Director since 2023. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a Diplomate of the American Board of Internal Medicine. She serves on the executive committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Li Ka Shing Faculty of Medicine and is the Past Chief of Medical Staff at the University of Washington Medical Center.

Dr. Emily Wong is currently a non-executive director of Chinney Investments, a director of Lucky Year and Chinney Holdings, all being substantial shareholders of the Company. She is also a director of Chinney Capital which is a shareholder of the Company. She is also a non-executive director of Chinney Alliance Group. Dr. Emily Wong is the daughter of late Dr. Wong, the Founding Chairman, and Madam Wong and is the sister of James Sing-Wai Wong.

Philip Bing-Lun Lam

Aged 83, Mr. Lam was appointed as the Executive Director in 2019 and subsequently re-designated as the Non-Executive Director in July 2025. He is also a director of certain subsidiaries of the Company. Mr. Lam served as the Director of Finance of The University of Hong Kong for over 20 years until his retirement on 30 June 2012. After retirement, he was appointed as a Senior Advisor to the Vice-Chancellor in financial, investment and fundraising matters for 2 years until 30 June 2014.

Mr. Lam is an executive director of Chinney Alliance Group and Chinney Kin Wing.

Mr. Lam is a fellow of The Chartered Institute of Management Accountants (UK) and the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute (UK) (formerly The Institute of Chartered Secretaries and Administrators (UK)) and The Chartered Institute of Bankers (UK).

Mr. Lam is active in community affairs and is a member of the Board of Governors of the Canadian International School of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Janie Fong

Aged 60, Ms. Fong has been the Independent Non-Executive Director since 2019. She is the Chairman of the Nomination Committee and a member of the Remuneration Committee and the Audit Committee of the Company. Ms. Fong serves as Senior Managing Director of East West Bank, a wholly owned subsidiary of East West Bancorp, Inc., a publicly owned company in the United States with operations in Asia. As the region's former Chief Representative of the 5th largest economy in the world, Ms. Fong was appointed by the California Governor to represent the State of California in Asia from 2000-2004. Through her former post as California's Chief Representative, Ms. Fong successfully established new diplomatic, economic, trade, and investment ties between California U.S. and Asia Pacific firms with benefits flowing both ways across the Pacific. Ms. Fong has experience in managing international business transactions along with corporate mergers and acquisitions activities and strategic advisory work as an international business attorney with a specialty in U.S.-Asia cross-border transactions. Ms. Fong served on the Hong Kong Commission on Strategic Development Advisory Body, is a Board Member of the Harvard Kennedy School of Government's Women's Leadership Board, and has Chaired and served on various Not for Profit Boards including the Hong Kong America Fulbright Center. Ms. Fong has previously worked with Silicon Valley startup companies and served as a Visiting Lecture and Distinguished Executive Speaker at the Hong Kong University of Science and Technology (HKUST) MBA Global Leadership Course having spoken on international business and policy matters before international audiences. Ms. Fong has served previously on listed company and advisory boards. She is a Member of the California State Bar, serves on the Global Business Advisory Board of GlobalSF and served on various philanthropic and commerce boards throughout Asia and the U.S.

James C. Chen

Aged 76, Mr. Chen has been the Independent Non-Executive Director since 2021. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. Before joining the Company, Mr. Chen was an independent non-executive director, the chairman of audit committee and a member of remuneration committee of Chinney Investments.

Mr. Chen has over 40 years of experience in accounting, financial management and multinational business. He has held senior executive positions in several multinational companies in the USA and Hong Kong where he was responsible for the overall management, strategic planning, and mergers and acquisitions. Mr. Chen also has over 30 years of commodity trading experience.

Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is a Life Member of The Hong Kong Independent Non-Executive Director Association, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

Rui-Hua Chang

Aged 46, Ms. Chang was appointed as the Independent Non-Executive Director in September 2025. She is also the Chairman of Remuneration Committee and a member of both the Audit Committee and Nomination Committee of the Company. Ms. Chang received her Masters' in International Public Policy (Merit) from University College London; and graduated with a BSc in Social Science (Hons.), Economics from National University of Singapore. In 2016, Ms. Chang attended the Advanced Management Programme in Booth School of Business, University of Chicago. She is also a holder of the International Certificate of Investor Relations and Professional Fellow for Chartered Manager.

Ms. Chang has extensive experience in investment banking, corporate structuring, banking, real estate and investor relations. She heads the Hong Kong office's business management and investment for ESR Group Limited and is in the business leadership team. She is also the executive director and responsible officer for the fund management arm ESR Hong Kong Asset Management Limited. Before joining ESR Group, Ms. Chang was with CapitaLand Limited where her roles included the General Manager and Head of Capital Markets and Corporate Finance, and Corporate Planning for CapitaLand China; Group Head of Investor Relations and Capital Markets Compliance and Assistant Vice President of Group CFO's office. Ms. Chang also had investment banking roles with China International Capital Corporation and DBS Bank Ltd.

Ms. Chang currently serves as the Governing Trustee of Urban Land Institute and Asia Pacific Executive Committee Member; and the Chairperson of the Hong Kong Regional Board for Chartered Management Institute.

REPORT OF THE DIRECTORS

The Directors herein present their report and the audited financial statements for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company and provides management services to its subsidiaries. The Group is principally engaged in the businesses of (i) property development, (ii) property investment and (iii) property and carpark management, and mainly focused on three major cities in Chinese Mainland, namely Shenzhen, Guangzhou and Chongqing as well as in Hong Kong and Japan. The long term strategy of the Group aims to generate recurring rental income sufficient to cover its operating overheads including administration expenses, finance costs plus dividends with project sales supplement the Group's additional cash inflows. There were no significant changes in the nature of the Group's principal activities during the year. Further details of the Company's principal subsidiaries are set out in note 1 to the financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including an analysis using financial key performance indicators and an indication of likely future development in the Group's business are set out in "Financial Highlights" on page 4, "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 17 of this annual report respectively. The Group's financial risk management objectives and policies are set out in note 41 to the financial statements. These discussions form part of this report.

FINANCIAL RESULTS AND DIVIDEND

The Group's results for the year ended 31 March 2026 and the Group's financial position at that date are set out in the financial statements on pages 47 to 157 of this annual report.

The Directors recommend payment of a final dividend of 1 Hong Kong cent per ordinary share for the year ended 31 March 2026 (2025: 3 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 4 September 2026. Subject to approval by shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 8 October 2026.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 27 August 2026. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 24 August 2026 to 27 August 2026 (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 Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 21 August 2026. Shareholders whose names appear on the register of members of the Company on 27 August 2026 (i.e. the record date) will be entitled to attend and vote at the annual general meeting.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2026 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 3 September 2026 to 4 September 2026, 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 31 August 2026. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 2 September 2026.

KEY RISK FACTORS

The following content lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties which are not identified for the time being or turn out to be material in future.

Risks Pertaining to the Property Market in Chinese Mainland

A substantial part of the Group's property portfolio is located in Chinese Mainland, and a major part of the Group's revenue is derived in Chinese Mainland. Therefore, the Group is exposed to the risks associated with China's property market including risks of policy changes, currency fluctuation and interest rate changes. The Group continues to implement strategies and strengthen its financial position to withstand any adverse impact when the business environment deteriorates.

Risks Pertaining to the Property Market in Hong Kong

A portion of the Group's investment property portfolio is located in Hong Kong, earning rental and management income. Therefore, the Group is susceptible to changes in economic conditions, consumer consumption and the tourist market in Hong Kong. Besides, the local government may introduce further regulatory measures on the property market, thus adversely affecting the local business environment.

Interest Rate Risks

The Group's bank borrowings mainly bear floating rates. The Group's finance and treasury operation is affected by the change in interest rates and market condition. To reduce our exposure due to volatility in interest rates, the Group has closely monitored the interest rate movements and refinanced existing banking facilities when favourable pricing opportunities arise.

Counterparty Risks

The Group relies on contractors in carrying out its property developing activities. While the Group has been careful in selecting its contractors, there can be no assurance that the contractors will perform satisfactorily. Any unsatisfactory performance of the contractors may potentially lead to construction cost overrun, project delay and contract disputes, which can adversely affect the return of the project. The Group has procedures in place in selecting and managing the performance of the contractors to reduce the negative impact that may arise.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 158 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

There were no movements in the share capital of the Company during the year.

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 2026.

DISTRIBUTABLE RESERVES

At 31 March 2026, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the CO, amounted to HK$73,820,000 of which HK$7,204,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, purchases from the Group's five largest suppliers accounted for 73% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 28%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the Directors or their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers and suppliers.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group's relationship with its employees is set out in the "Employees and Remuneration Policies" under "Management Discussion and Analysis".

The Group recognises the importance of maintaining a good relationship with business partners, customers, suppliers and contractors to achieve its long-term business growth and development. Accordingly, the Group has kept good communication and shared business updates with them as and when appropriate.

DIRECTORS

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

James Sing-Wai Wong
Donald Yin-Shing Lam
Emily Yen Wong
Philip Bing-Lun Lam
Janie Fong*
James C. Chen*
Rui-Hua Chang* *(appointed on 18 September 2025)*
Xiao-Ping Li *(retired on 29 August 2025)*
David Tak-Wai Ma* *(retired on 29 August 2025)*
Raymond Ming-Joe Chow* *(resigned on 29 August 2025)*

* *Independent Non-Executive Directors*

Biographical details of the Directors are set out on pages 18 to 21 of this annual report.

The Company has received from each of its Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and still considers them to be independent.

The persons who were directors of the subsidiaries of the Company during the year and up to the date of this report (not including those directors listed above) were Mui Chan, Yong-Mei Chen, Yun-Hai Chen, Shui-Yung Cheng, Hin-Man Chung, Hai-Ou Gao#, Xiao-Wen Hong#, Thomas Ka-Leung Hui, Henry Ka-Kang Liauw, Wei Lin, Shuet-Mui Lo, Calvin Ming-Yui Ng, Kai-Nor Siu#, Ka-Yee Wan, Min Wei, Da-Wei Yang, Qiang Zhang.

no longer the director(s) of the subsidiary(ies) of the Company as at the date of this report

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 100 of the Articles of Association, Rui-Hua Chang was appointed by the Board as the Independent Non-Executive Director effective 18 September 2025 will hold office until the forthcoming annual general meeting and, being eligible, offer herself for re-election.

In accordance with article 109(A) of the Articles of Association, Emily Yen Wong and Janie Fong shall retire by rotation at the forthcoming annual general meeting. Emily Yen Wong and Janie Fong, being eligible, will offer themselves for re-election.

A circular containing the requisite information on the retiring Directors will be sent to shareholders together with this annual report, to assist shareholders to make an informed decision on their re-elections.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The remuneration of the Directors is reviewed by the Remuneration Committee having regard to the remuneration policy adopted by the Company for its Directors, the summary of which is disclosed in the section headed "Directors' Remuneration Policy" in the "Corporate Governance Report" on page 34 of this annual report. Details of the Directors' remuneration are set out in note 8 to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in note 38 to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2026, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

The Company has entered into a management contract with Chinney Investments for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two-month written notice.

During the year, no management fee was paid to Chinney Investments (2025: Nil). James Sing-Wai Wong and Emily Yen Wong, Directors, are also directors of Chinney Investments.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2026, so far as is known to the Directors, the following substantial shareholders and other persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	*Notes*	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued shares**
Madam Wong	*1, 2, 3 & 4*	Through controlled corporations	525,668,139	72.97
Lucky Year	*1 & 2*	Through controlled corporations	490,506,139	68.09
Chinney Holdings	*1 & 2*	Through controlled corporation	490,506,139	68.09
Chinney Investments	*1 & 2*	Directly beneficially owned	490,506,139	68.09

Notes:

1. *All the interests stated above represent long positions.*
2. *Madam Wong (executor of the estate of late Dr. Wong), Lucky Year, Chinney Holdings and Chinney Investments are deemed to be interested in the same parcel of 490,506,139 Shares by virtue of Section 316 of the SFO.*
3. *11,756,000 Shares are held by Chinney Capital of which Madam Wong (executor of the estate of late Dr. Wong) has beneficial interests therein.*
4. *23,406,000 Shares are held by CLL International Limited, a trust of which Madam Wong is the founder.*

Save as disclosed herein, as at 31 March 2026, none of the substantial shareholders or other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

On 26 September 2022, Honour Well entered into a framework agreement with each of Chinney Construction and Shun Cheong, 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$96.3 million 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 million relating to the revamp project of the building located at 119-121 Connaught Road Central, Sheung Wan, Hong Kong. The related transactions constituted connected transactions for each of Chinney Investments, the Company and Chinney Alliance Group under the Listing Rules. The transactions were approved by independent shareholders of Chinney Investments, the Company and Chinney Alliance Group 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 Group dated 26 September 2022 and the Company's circular dated 8 November 2022. Up to the year ended 31 March 2026, aggregate payments of approximately HK$128 million and HK$81 million were made to Shun Cheong and Chinney Construction respectively, in relation to the transactions.

EVENTS AFTER THE REPORTING PERIOD

On 4 March 2026, the Group entered into a sale and purchase agreement with an independent third party for the disposal of a hotel property in Osaka, Japan, in which the Group holds a 60% interest, at the consideration of JPY1,542 million (equivalent to approximately HK$77 million). The property was acquired by the Group in September 2023 at a cost of approximately JPY900 million (equivalent to approximately HK$45 million). The consideration represented a premium of 2.1% of the valuation of the property as of 31 December 2025. Completion of the transaction took place on 22 May 2026.

On 6 April 2026, the Group entered into a sale and purchase agreement with an independent third party for the disposal of a hotel property in Asakusa Tokyo, Japan, in which the Group holds a 60% interest, for a consideration of JPY2,722.5 million (equivalent to approximately HK$133 million). The property was acquired by the Group in August 2023 at a cost of approximately JPY1,573 million (equivalent to approximately HK$77 million). The consideration represented a premium of 8.9% over the market valuation as at 1 March 2026. Completion of the transaction is expected to take place in the second half of 2026.

Furthermore, the Group has ongoing transactions in relation to the sale of the remaining portions of its prior development projects, all of which are non-core in nature and are classified as inventory, including the sale of the residual portion of the Dongguan Zhuang project and the remaining retail shops in Botanica Guangzhou, for considerations of RMB100 million and RMB33 million respectively. These disposals enable the Group to unlock the underlying value of its assets and provide it with an opportunity to reallocate capital into other investments.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

(a) In February 2023, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement relating to term and revolving loan facilities of HK$737 million, which may be increased to HK$1,500 million subject to the terms and conditions as stipulated therein with a syndicate of financial institutions, as lenders. The loan facilities have a term of 48 months commencing from the date of the facility agreement and will be used for (i) refinancing the existing syndicated loan; (ii) financing the costs and expenses in relation to the loan facilities; and (iii) financing or refinancing the general working capital requirements of the Group.

Pursuant to the facility agreement, it shall be an event of default if (i) Chinney Investments ceases to be the major beneficial shareholder of the Company as a result of Chinney Investments ceasing to hold no less than 30% effective shareholding of the Company or does not or ceases to maintain management control of the Company; or (ii) Dr. Wong, the then controlling shareholder of both Chinney Investments and the Company, or his family members collectively, do not or cease to hold the major beneficial ultimate shareholding interest in Chinney Investments.

If an event of default under the facility agreement occurs, the agent acting for the lenders may, and shall if so requested by a majority of the lenders, terminate the loan facilities and/or declare all outstanding amounts together with all interest accrued under the loan facilities to be immediately due and payable.

(b) In September 2023, Gold Famous, as borrower, entered into a facility agreement relating to term loan facilities of HK$1,525 million with a syndicate of financial institutions, as lenders. The loan facilities will be used for (i) refinancing the existing facilities of Gold Famous; and (ii) financing the general corporate requirements of the Group. The loan facilities have a term of 48 months after the date of its first utilisation.

Pursuant to the facility agreement, it shall be an event of default if (i) Chinney Investments (1) ceases to be the single largest beneficial shareholder of the Company; or (2) does not or ceases to hold not less than 30% effective shareholding interests of the Company; or (3) does not or ceases to maintain management control of the Company; or (ii) Dr. Wong, the then controlling shareholder of both Chinney Investments and the Company, or his family members collectively, do not or cease to hold the major beneficial ultimate shareholding interests in Chinney Investments.

If an event of default under the facility agreement occurs, the agent acting for the lenders may, and shall if so directed by a majority of the lenders, terminate the loan facilities and/or declare all outstanding amounts together with all interest accrued under the loan facilities to be immediately due and payable.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued Shares were held by the public as at the latest practicable date prior to the issue of this annual report.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to build an environmental-friendly corporation with the aim to conserve natural resources. The Group has taken initiatives to reduce energy consumption and encourage recycle of office supplies and other materials. The Group will continue to review and promote its environmental policies. For details regarding the environmental and social related policies and performance of the Group for the year ended 31 March 2026, please refer to the Company's 2025/26 Environmental, Social and Governance Report, which is available on the websites of the Stock Exchange and of the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 March 2026, there were no material breach of or non-compliance with applicable laws and regulations by the Group that have significant impact on the business and operations of the Group.

LEGAL PROCEEDINGS

The Group had no significant legal proceedings during the year.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$1,119,000.

AUDITOR

Ernst & Young retire and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Donald Yin-Shing Lam
Managing Director
Hong Kong, 29 June 2026

CORPORATE GOVERNANCE REPORT

The Board is committed to maintain and ensure high standards of corporate governance and is continuously reviewing and improving the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper manner.

In the opinion of the Board, the Company has applied applicable principles and complied with the applicable code provisions of the CG Code for the year under review, except for the deviations as disclosed in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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.

BOARD OF DIRECTORS

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

Executive Directors

James Sing-Wai Wong *(Chairman)*
Donald Yin-Shing Lam *(Managing Director)*
Xiao-Ping Li *(retired on 29 August 2025)*

Non-Executive Directors

Emily Yen Wong
Philip Bing-Lun Lam *(re-designed from Executive Director to Non-Executive Director on 1 July 2025)*

Independent Non-Executive Directors

Janie Fong
James C. Chen
Rui-Hua Chang *(appointed on 18 September 2025)*
David Tak-Wai Ma *(retired on 29 August 2025)*
Raymond Ming-Joe Chow *(resigned on 29 August 2025)*

Rui-Hua Chang obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 August 2025. Rui-Hua Chang has confirmed she understood her obligations as a Director.

Details of background and qualifications of each Director are set out on pages 18 to 21 of this annual report.

The Board is responsible for the overall strategic development of the Group. It also monitors the financial performance and the internal controls of the Group's business operations. Executive Directors are regarded as the senior management of the Company and are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day operation of the Group is delegated to the management with department heads responsible for different aspects of the business and functions.

During the year under review, four board meetings were held to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all Directors for all regular board meetings. All regular board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All Directors have access to board papers and related materials, and are provided with adequate information which enable the Board to make an informed decision on the matters to be discussed and considered at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection by any Director at any reasonable time.

To the best knowledge of the Directors, there is no financial, business, family or other material/relevant relationships among the members of the Board except that James Sing-Wai Wong and Emily Yen Wong are siblings.

BOARD INDEPENDENCE

The Group has established the following mechanisms to ensure independent views and input are available to the Board, which have been reviewed by the Board and considered to be effective:

(a) As at the date of this report, three out of the seven Directors are Independent Non-Executive Directors, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors.

(b) Most of the Independent Non-Executive Directors are appointed to board committees and continue to contribute actively in board and board committees' meetings to bring independent judgement on the development, performance and risk management of the Group.

(c) The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of the Independent Non-Executive Directors, and is mandated to assess annually the independence of Independent Non-Executive Directors to ensure that they can continually exercise independent judgement.

    The Company has received from each Independent Non-Executive Director a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. With the assessment conducted by the Nomination Committee, the Board still considers that each Independent Non-Executive Director is independent in character and judgement.

(d) No equity-based remuneration with performance-related elements will be granted to Independent Non-Executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of the Chairman and the Managing Director are held by two different individuals.

James Sing-Wai Wong is the Chairman whereas Donald Yin-Shing Lam is the Managing Director of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Managing Director bears executive responsibility for the business and the management of the day-to-day operations of the Company.

NOMINATION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

The nomination, appointment and re-election of the Directors are governed by the Articles of Association, the nomination policy adopted by the Company and relevant rules and regulations.

Pursuant to the nomination policy of the Company, the Nomination Committee identifies individual(s) suitably qualified to become Board members when there is a vacancy or an additional Director is considered necessary and considers criteria including, among other things, character and integrity, qualifications (professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the business and corporate strategies of the Company), willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments, independence of proposed Independent Non-Executive Directors. The Nomination Committee then recommend to the Board to appoint the appropriate candidate for directorship.

NOMINATION, APPOINTMENT AND RE-ELECTION OF DIRECTORS *(Continued)*

In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee will also review the overall contribution and service to the Company of each retiring Director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance of the Board and shall then make recommendations to the Board for its consideration and recommendation for the proposed candidate(s) to stand for re-election at the annual general meeting of the Company.

Every Non-Executive Directors has entered service agreement with the Company, their terms of office are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association, which, in any circumstances, will not exceed three years.

The Articles of Association do not require the Directors to retire by rotation at least once every three years. However, in accordance with article 109(A) 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 to but not less than one-third, shall retire from office by rotation, provided that no Director holding office as an Executive Chairman and/or Managing Director of the Company shall be subject to retirement by rotation. The Board will ensure the retirement of each Director, other than the one who holds the office as Executive Chairman and/or Managing Director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman and the Managing Director will not be subject to retirement by rotation; which deviates from CG Code provision B.2.2, which stipulate that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, as the Board considers that the continuity of office of the Chairman and the Managing Director provides the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

In accordance with article 100 of the Articles of Association, Rui-Hua Chang was appointed by the Board as the Independent Non-Executive Director effective 18 September 2025 and will hold office until the forthcoming annual general meeting and, being eligible, will offer herself for re-election.

In accordance with article 109(A) of the Articles of Association, Emily Yen Wong and Janie Fong shall retire by rotation at the forthcoming annual general meeting. Emily Yen Wong and Janie Fong, being eligible, will offer themselves for re-election.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company Secretary updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements as well as the business environment regarding subjects necessary in the discharge of their duties. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT *(Continued)*

Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for the Company to maintain a training record for its Directors. According to the training records maintained by the Company, the training received by each of the existing Directors during the year ended 31 March 2026 is summarised as follows:

Name of director	Type of training
Executive Directors	
James Sing-Wai Wong	A, B
Donald Yin-Shing Lam	A, B
Non-Executive Directors	
Emily Yen Wong	A, B
Philip Bing-Lun Lam	A, B
Independent Non-Executive Directors	
Janie Fong	A, B
James C. Chen	A, B
Rui-Hua Chang	A, B

A: attending seminars/conferences/forums
B: reading newspapers, journals and updates relating to the economy, general business, real estate, corporate governance and director's duties and responsibilities

CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties including:

(a) to develop, review and update the Company's policy and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to review the Company's compliance with the CG Code and disclosure in the "Corporate Governance Report"; and

(e) to perform such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005. The Remuneration Committee currently comprises three Independent Non-Executive Directors, namely Rui-Hua Chang, Janie Fong and James C. Chen, and one Executive Director, namely James Sing-Wai Wong and one Non-Executive Director, Philip Bing-Lun Lam. Rui-Hua Chang is the Chairman of the Remuneration Committee.

During the year under review, the Remuneration Committee held one meeting, during which the existing remuneration of all Directors have been reviewed individually. The Remuneration Committee has also reviewed the Group's remuneration policy and made recommendations to the Board on the remuneration packages of all Directors and senior management (senior management is considered equivalent to Executive Director from the Company's viewpoint). It has considered factors such as the performance of the Directors, the profitability of the Group, salaries paid by comparable companies, time commitment and responsibilities. It aims to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Group.

REMUNERATION COMMITTEE *(Continued)*

The remuneration of the Company's management is currently attended by the Executive Directors. The management report to the Executive Directors who therefore have a clear understanding of the management's performance, enabling a more objective review of the management remuneration. In the Board's opinion, it is more appropriate for the Executive Directors, instead of the Remuneration Committee, to perform these responsibilities. This, however, deviates from CG Code provision E.1.2 which stipulate that the remuneration committee should review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives.

Draft minutes of the Remuneration Committee meeting are circulated to members of Remuneration Committee for comments and the signed minutes are kept by the Company Secretary.

DIRECTORS' REMUNERATION POLICY

The Company has adopted a remuneration policy for its Directors, which aims to provide a fair market level of remuneration to retain and motivate high quality Directors, and attract experienced people of high calibre to oversee the business and development of the Group. Pursuant to the remuneration policy, the following key principles have been established for the remuneration for both Executive Directors' and Non-Executive Directors' remuneration/fees (including Independent Non-Executive Directors):

- Executive Directors' remuneration packages shall comprise fixed and variable components linking to individual and the Group's performance and comparable to peer companies, and shall be reviewed annually by the Remuneration Committee and approved by the Board.
- Non-Executive Directors (including Independent Non-Executive Directors) shall receive fixed remuneration/fee to be set at an appropriate level by reference to the relevant time commitment and the size and complexity of the Group, and shall be reviewed annually by the Remuneration Committee and approved by the Board.
- authorisation is to be granted from the Company's shareholders at its annual general meeting to determine Directors' remuneration/fee for each financial year.
- no individual is involved in determining his or her own remuneration/fee.

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, namely James C. Chen, Janie Fong and Rui-Hua Chang and they are all Independent Non-Executive Directors. James C. Chen is the Chairman of the Audit Committee. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in banking, business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- to review and monitor financial reporting and the reporting judgement contained in them; and
- to review financial and internal controls, accounting policies and practices with management and external auditor.

AUDIT COMMITTEE *(Continued)*

The Audit Committee held two meetings during the year under review, which were attended by the external auditor, Ernst & Young and the work performed by the Audit Committee included the review of the following:

- the half-yearly and annual results and the related financial reporting matters;
- the financial and accounting policies and practices of the Group;
- the relationships with external auditor, including remuneration, independence, objectivity and effectiveness of the audit process; and
- the effectiveness of the Group's financial and internal controls and risk management system.

Draft minutes of the Audit Committee meetings are circulated to members of Audit Committee for comments and the signed minutes are kept by the Company Secretary.

NOMINATION COMMITTEE

The Nomination Committee was established in 2021. The Nomination Committee currently comprises three Independent Non-Executive Directors, namely Janie Fong, James C. Chen and Rui-Hua Chang and one Executive Director, namely James Sing-Wai Wong and one Non-Executive Director, namely Emily Yen Wong. Janie Fong is the Chairman of the Nomination Committee.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, selecting or making recommendations to the Board on nominations, appointment or re-appointment of Directors and Board succession, and assessing the independence of the Independent Non-Executive Directors.

During the year under review, the Nomination Committee held one meeting. The major works performed by the Nomination Committee during the year included assessing the independence of Independent Non-Executive Directors, making recommendations to the Board on nomination and appointment of Directors and on the retiring Directors' eligibility for re-election at the annual general meeting. In selecting and recommending candidate(s) for directorship, the Nomination Committee has followed the procedures, process and criteria as set out in the nomination policy of the Company, the summary of which is disclosed in the paragraph headed "Nomination, Appointment and Re-election of Directors" in this report. The Committee also reviewed the structure, size and composition of the Board, the board diversity policy and the nomination policy and considered that the said policies were appropriate and effective.

Draft minutes of the Nomination Committee meetings are circulated to members of Nomination Committee for comments and the signed minutes are kept by the Company Secretary.

DIVERSITY OF THE BOARD AND OF THE WORKFORCE

The Board has adopted a board diversity policy, which set out the approach to achieve diversity on the Board. When deciding on appointments of board members and continuation of those appointments, the Board considers a number of board diversity criteria according to the policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. These measurable objectives have been set to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and will be reviewed by the Nomination Committee annually to ensure the continued effectiveness of the Board. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Board, with the help of Nomination Committee, reviewed the structure, size and composition of the Board and was satisfied, in general, with diversity of the Board in accordance with the board diversity policy. The Board considers that the current Board's composition reflects an appropriate balance of gender, skills, experience and diverse perspectives among its members that complement the Group's strategy and business developments.

To identify potential successors to the Board to maintain the board diversity, the Company would search via internal resources (e.g. by Directors' referrals) and may engage professional search firm as and when required.

Gender

Female	Male
3 Directors	4 Directors

Age Group

Below 60	60-69	70-79	80 or above
1 Director	4 Directors	1 Director	1 Director

Length of services with Board

5 years or below	6 to 10 years
4 Directors	3 Directors

Capacity

Executive Director	Non-Executive Director	Independent Non-Executive Director
2 Directors	2 Directors	3 Directors

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. The Group provides equal opportunity to all employees and does not discriminate on the grounds of gender, race, age, nationality, religion, sexual orientation, disability and any other aspects of diversity. As at 31 March 2026, the workforce (including senior management) are approximately in the 1:0.67 ratio of men to women.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION, AUDIT AND NOMINATION COMMITTEES AND GENERAL MEETINGS

	Number of meeting(s) attended during the year ended 31 March 2026				
	Board Meetings	**Remuneration Committee Meeting**	**Audit Committee Meetings**	**Nomination Committee Meeting**	**Annual General Meeting held on 29 August 2025**
Number of meeting(s) held during the year ended 31 March 2026	4	1	2	1	1
James Sing-Wai Wong	4	1	N/A	1	1
Donald Yin-Shing Lam	4	N/A	2	N/A	1
Emily Yen Wong	3	N/A	N/A	1	0
Philip Bing-Lun Lam	4	1	2	N/A	1
Janie Fong	2	1	2	1	0
James C. Chen	4	1	2	1	1
Rui-Hua Chang *(appointed on 18 September 2025)*	2	N/A	1	N/A	N/A
Xiao-Ping Li *(retired on 29 August 2025)*	1	N/A	N/A	N/A	0
David Tak-Wai Ma *(retired on 29 August 2025)*	1	1	1	1	0
Raymond Ming-Joe Chow *(resigned on 29 August 2025)*	1	N/A	N/A	N/A	1

AUDITOR'S REMUNERATION

During the year, the Group had engaged its external auditor, Ernst & Young, to provide the following services and their respective fees charged are set out as below:

	Fees paid/ payable *HK$'000*
Types of services	
Audit services	3,024
Non-audit services (tax compliance services and other services)	344
	3,368

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The Directors acknowledge their responsibilities for the accounts and they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Directors' responsibilities for the accounts and the responsibilities of the external auditor to the shareholders are set out in the Independent Auditor's Report on pages 41 to 46 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining the Group's systems of internal control and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable assurance to minimize risk of failure in operational systems, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives. The Group has dedicated internal audit function which reviews the effectiveness of the risk management and internal control systems from time to time in order to ensure that they meet with the dynamic and ever changing business environment.

During the year, the Audit Committee has reviewed the Group's internal control system and considered the internal audit report with the Group's Executive Directors and finance executive. The review covers all material controls, including financial, operational and compliance controls and risk management of the Group and such systems have been considered reasonably effective and adequate.

The Group regularly reminds the Directors and relevant employees for the compliance of policies regarding the inside information, and provide them with updates on the appropriate guidelines or policies to ensure the compliance with regulatory requirements.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on corporate governance and other related matters as well as ensuring good information flow within the Board. During the year, the Company Secretary undertook no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

On 29 August 2025, the Company adopted a new set of articles of association to incorporate amendments to the then existing articles of association, for the purposes of aligning with (i) the amended Companies Ordinance in relation to, including but not limited to, implementation of the treasury share regime for Hong Kong incorporated listed companies and the promotion of paperless corporate communications and (ii) the Listing Rules amendments (including the core shareholder protection standards set out in Appendix A1 to the Listing Rules); and incorporating certain minor consequential and housekeeping amendments.

Saved as disclosed above, there was no other change in the constitutional documents of the Company during the year ended 31 March 2026.

DIVIDEND POLICY

The Company has adopted the Dividend Policy. Pursuant to which, in considering the declaration and payment of dividends, the Board shall maintain adequate cash reserves for meeting its working capital requirements and future business growth and take into account the following factors of the Group:

a. financial results;

b. cash flow situation;

c. business conditions and strategies;

d. future operations and earnings;

e. capital requirements and expenditure plans;

f. interests of shareholders;

g. any restrictions on payment of dividends; and

h. any other factors that the Board may consider relevant.

The Board has discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of Association and all applicable laws and regulations. The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDERS' RIGHTS

1. Convening of general meeting on requisition by shareholders

Pursuant to Section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders are entitled to send a request to the Company to convene a general meeting. Such request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. A request may be sent to the Company in hard copy form or in electronic form and must also be authenticated by the person or persons making it.

2. Procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company Secretary at the registered office of the Company and the Company Secretary shall then forward the same to the appropriate executives of the Company or members of the Board for further handling.

3. Procedures for putting forward proposals at an annual general meeting by shareholders

Pursuant to Section 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all the shareholders or at least 50 shareholders can request the Company to give notice of a resolution that may properly be moved and is intended to be moved at an annual general meeting. A request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given. It must be authenticated by the person or persons making it and be received by the Company not later than 6 weeks before the annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has established a shareholders communication policy and reviews it on a regular basis to ensure its effectiveness. The Board recognises the importance of good communications with all shareholders and is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders through the publication of interim and annual reports, public announcements and other public circulars, all of which are available on the Company's website.

COMMUNICATIONS WITH SHAREHOLDERS *(Continued)*

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Shareholders are encouraged to attend the annual general meeting for which at least 21 days' prior notice is given. The Chairman of the Board as well as the chairman of the board committees (or in their absence, other members of the committees) together with Ernst & Young, the Company's external auditor are available to answer shareholders' questions at the meeting. At the general meeting, each substantially separate issue will be considered by a separate resolution, including the re-election of individual director, and the poll procedures will be clearly explained.

The Board has reviewed the implementation and effectiveness of the shareholders communication policy. Having considered the multiple channels of communication and engagement in place, it is satisfied that the shareholders communication policy has been properly implemented during the year under review and is effective.

Hong Kong, 29 June 2026

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To the members of Hon Kwok Land Investment Company, Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Hon Kwok Land Investment Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 47 to 157, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Estimation of fair value of investment properties	
As at 31 March 2026, the Group's investment properties measured at fair value amounted to approximately HK$14,406 million, with net losses of approximately HK$641 million arising from fair value changes in investment properties recognised in profit or loss. The valuation process is inherently subjective and dependent on a number of estimates such as market rent, market yield, market price per unit and stabilised growth rate. To support management's determination of the fair value, the Group has engaged external independent professionally qualified valuers to perform the valuation of investment properties. The significant accounting judgements and estimates and disclosures about the fair value measurement of investment properties are included in notes 3 and 14 to the financial statements.	Among our audit procedures, we evaluated the objectivity, independence and competence of the valuer by examining the valuer's qualifications and assessed the valuation methodologies and assumptions adopted by the valuer with the assistance from our internal valuation expert. For investment properties, we evaluated the data used as inputs for the valuation, which included references to the market unit selling price of comparable properties nearby and the rental value of existing tenancies, by benchmarking against market values of comparable properties and checking the relevant tenancy agreements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for completed properties held for sale	
As at 31 March 2026, the Group has recorded completed properties held for sale of approximately HK$848 million. Completed properties held for sale are stated at the lower of cost and net realisable value. Management's impairment assessment is significant to our audit, considering the degree of judgement involved in estimating the sales proceeds and selling expenses, and the level of complexity involved in making those assumptions in estimation. The significant accounting judgements and estimates and disclosures about the balances of completed properties held for sale are included in notes 3 and 19 to the financial statements.	Our audit procedures included obtaining an understanding of and reviewing management's impairment assessment process and assumptions adopted in estimating the selling price less the estimated costs for the sale of completed properties with reference to externally available industry and market data, actual sales transactions of properties and selling expenses incurred during the year and subsequent to the end of the reporting period.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ip Hing Lam (practising certificate number: P06562).

Ernst & Young
Certified Public Accountants
Hong Kong

29 June 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
REVENUE	5	**832,126**	1,012,714
Cost of sales		**(403,492)**	(485,853)
Gross profit		**428,634**	526,861
Other income and gains	5	**49,879**	50,538
Fair value losses on investment properties, net	14	**(640,832)**	(678,919)
Administrative expenses		**(115,977)**	(81,618)
Other operating expenses, net		**(41,531)**	(44,332)
Finance costs	6	**(248,622)**	(291,194)
Share of profits/(losses) of associates		**(7,874)**	204
Share of loss of a joint venture		**(746)**	(1,862)
LOSS BEFORE TAX	7	**(577,069)**	(520,322)
Income tax credit/(expense)	10	**67,534**	(88,707)
LOSS FOR THE YEAR		**(509,535)**	(609,029)
Attributable to:			
Owners of the Company		**(527,368)**	(675,309)
Non-controlling interests		**17,833**	66,280
		(509,535)	(609,029)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	12	**HK$(0.7320)**	HK$(0.9374)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2026

	2026 *HK$'000*	2025 *HK$'000*
LOSS FOR THE YEAR	**(509,535)**	(609,029)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Share of exchange differences on translation of foreign operations of associates	**23,990**	5,813
Exchange differences on translation of foreign operations	**358,079**	203,801
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**382,069**	209,614
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Revaluation gain on a property	**579**	–
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**–**	(19,368)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**382,648**	190,246
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(126,887)**	(418,783)
Attributable to:		
Owners of the Company	**(157,996)**	(489,097)
Non-controlling interests	**31,109**	70,314
	(126,887)	(418,783)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**229,346**	232,211
Investment properties	14	**14,406,086**	14,877,026
Investments in joint ventures	16	**390,521**	391,267
Investments in associates	17	**804,905**	775,831
Financial assets at fair value through other comprehensive income	18	**39,197**	37,790
Total non-current assets		**15,870,055**	16,314,125
CURRENT ASSETS			
Tax recoverable		**36,116**	35,614
Properties held for sale under development and completed properties held for sale	19	**851,859**	1,074,838
Trade receivables	20	**5,431**	11,047
Contract costs		**20,003**	18,401
Prepayments, deposits and other receivables	22	**408,578**	371,477
Financial assets at fair value through profit or loss	21	**5,860**	7,247
Amount due from a joint venture	16	**89,766**	56,616
Cash and cash equivalents	23	**764,229**	1,043,470
		2,181,842	2,618,710
Assets held for sale	24	**196,490**	–
Total current assets		**2,378,332**	2,618,710
CURRENT LIABILITIES			
Trade payables, other payables and accrued liabilities	25	**142,793**	282,826
Derivative financial instruments	26	**–**	1,435
Interest-bearing bank borrowings	28	**2,288,160**	535,955
Lease liabilities	15	**18,461**	16,933
Contract liabilities	27	**90,258**	42,395
Customer deposits		**88,329**	74,932
Tax payable		**114,592**	81,257
Total current liabilities		**2,742,593**	1,035,733
NET CURRENT ASSETS/(LIABILITIES)		**(364,261)**	1,582,977
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,505,794**	17,897,102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**3,659,843**	5,779,610
Lease liabilities	15	**14,775**	11,483
Deferred tax liabilities	29	**1,097,018**	1,223,351
Total non-current liabilities		**4,771,636**	7,014,444
Net assets		**10,734,158**	10,882,658
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	**1,519,301**	1,519,301
Reserves	31	**8,827,658**	9,007,267
		10,346,959	10,526,568
Non-controlling interests		**387,199**	356,090
Total equity		**10,734,158**	10,882,658

James Sing-Wai Wong
Director

Donald Yin-Shing Lam
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026

	Attributable to owners of the Company							
	Share capital	Exchange fluctuation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2024	1,519,301	(692,207)	–	–	10,232,807	11,059,901	272,968	11,332,869
Loss for the year	–	–	–	–	(675,309)	(675,309)	66,280	(609,029)
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	–	205,580	–	–	–	205,580	4,034	209,614
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	(19,368)	–	–	(19,368)	–	(19,368)
Total comprehensive income/(loss) for the year	–	205,580	(19,368)	–	(675,309)	(489,097)	70,314	(418,783)
Investments in subsidiaries	–	–	–	–	–	–	13,599	13,599
Final 2024 dividend declared	–	–	–	–	(45,027)	(45,027)	–	(45,027)
Acquisition of a non-controlling interest	–	–	–	–	791	791	(791)	–
At 31 March 2025 and 1 April 2025	1,519,301	(486,627)*	(19,368)*	–*	9,513,262*	10,526,568	356,090	10,882,658
Loss for the year	–	–	–	–	(527,368)	(527,368)	17,833	(509,535)
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	368,793	–	–	–	368,793	13,276	382,069
Revaluation gain on a property	–	–	–	579	–	579	–	579
Total comprehensive income/(loss) for the year	–	368,793	–	579	(527,368)	(157,996)	31,109	(126,887)
Final 2025 dividend declared	–	–	–	–	(21,613)	(21,613)	–	(21,613)
At 31 March 2026	**1,519,301**	**(117,834)***	**(19,368)***	**579***	**8,964,281***	**10,346,959**	**387,199**	**10,734,158**

* *These reserve accounts comprise the consolidated reserves of HK$8,827,658,000 (2025: HK$9,007,267,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(577,069)**	(520,322)
Adjustments for:			
Finance costs	6	**248,622**	291,194
Share of losses/(profits) of associates		**7,874**	(204)
Share of loss of a joint venture		**746**	1,862
Bank and other interest income	5	**(6,607)**	(24,297)
Reversal of provision made for property held for sale under development	5	**(21,600)**	–
Depreciation	7	**32,906**	41,131
Impairment of right-of-use asset	7	**2,437**	–
Gain on disposal of items of property, plant and equipment	7	**(327)**	(91)
Gain on lease modification	7	**(79)**	(27)
Fair value loss/(gain) on a financial asset at fair value through profit or loss	7	**1,387**	(329)
Fair value losses on derivative financial instruments	7	**10,042**	1,435
Fair value losses on investment properties, net	7	**640,832**	678,919
Loss on disposal of subsidiaries	7	**13,736**	–
		352,900	469,271
Decrease in properties held for sale under development and completed properties held for sale	34(a)(i)	**147,399**	177,271
Decrease/(increase) in trade receivables		**5,616**	(3,567)
Increase in prepayments, deposits and other receivables		**(33,962)**	(37,961)
Increase in contract costs		**(741)**	(10,074)
Increase/(decrease) in trade payables, other payables and accrued liabilities	34(a)(i)/(iv)	**(154,100)**	41,427
Increase/(decrease) in contract liabilities		**45,540**	(86,931)
Increase/(decrease) in customer deposits		**9,972**	(686)
Cash generated from operations		**372,624**	548,750
Interest paid		**(2,962)**	(3,232)
Hong Kong profits tax refunded/(paid)		**1,120**	(307)
Overseas taxes paid		**(71,847)**	(88,062)
Net cash flows from operating activities		**298,935**	457,149

	Notes	2026 HK$'000	2025 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6,607**	24,297
Purchases of items of property, plant and equipment	*13*	**(10,349)**	(1,618)
Proceeds from disposal of items of property, plant and equipment		**896**	176
Additions to investment properties	*34(a)(iv)*	**(116,547)**	(143,109)
Proceeds from disposal of subsidiaries		**338,975**	–
Subscription of shares of an associate		**(12,958)**	–
Increase in amounts due from a joint venture		**(33,150)**	(29,275)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**195**	19,884
Proceeds from disposal of financial assets designated at fair value through profit or loss		**–**	23,572
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		**107**	22,071
Acquisition of non-controlling interests from a minority shareholder		**–**	(999)
Net cash flows from/(used in) investing activities		**173,776**	(85,001)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(275,421)**	(380,070)
New bank loans	*34(b)*	**301,526**	1,277,578
Repayment of bank loans	*34(b)*	**(739,674)**	(1,487,920)
Increase in amounts due to the immediate holding company	*34(b)*	**–**	50,000
Decrease in amounts due to the immediate holding company	*34(b)*	**(22,000)**	(8,000)
Principal portion of lease payments	*34(b)*	**(25,782)**	(31,986)
Dividend paid		**(21,613)**	(45,027)
Capital injection from minority shareholders		**–**	13,599
Proceeds from the maturity of cross-currency interest rate swap		**170,000**	–
Settlement of the maturity of cross-currency interest rate swap		**(180,042)**	–
Net cash flows used in financing activities		**(793,006)**	(611,826)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(320,295)**	(239,678)
Cash and cash equivalents at beginning of year		**1,041,598**	1,270,169
Effect of foreign exchange rate changes, net		**41,161**	11,107
CASH AND CASH EQUIVALENTS AT END OF YEAR		**762,464**	1,041,598

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*
Year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*23*	**710,936**	881,841
Non-pledged time deposits	*23*	**53,293**	161,629
Cash and cash equivalents as stated in the consolidated statement of financial position		**764,229**	1,043,470
Non-pledged time deposits with original maturity of more than three months when acquired		**(1,765)**	(1,872)
Cash and cash equivalents as stated in the statement of cash flows		**762,464**	1,041,598

1. CORPORATE AND GROUP INFORMATION

Hon Kwok Land Investment Company, Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the year, the Group was involved mainly in property development, property investment and property related activities.

The immediate holding company of the Group is Chinney Investments, Limited ("Chinney Investments"), a company incorporated and listed in Hong Kong.

In the opinion of the directors, the ultimate holding company of the Company is Lucky Year Finance Limited ("Lucky Year"), a company incorporated in the British Virgin Islands (the "BVI").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Best Range Global Limited	BVI	US$1	100	–	Investment holding
Champion Fine International Investments Inc.	Canada	Canadian dollar ("CAD") 1	–	100	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	100	Property management
Chongqing Chuangjun Property Management Co., Ltd.#	PRC/Chinese mainland	RMB5,000,000	–	100	Property management
CP Parking Limited	Hong Kong	HK$4,340,000	–	100	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	100	–	Nominee services
Easy Express Development Limited	Hong Kong	HK$1	–	100	Investment holding
Foshan Nanhai XinDa Land Development Ltd.#	PRC/Chinese mainland	HK$300,000,000	–	100	Property development
Gold Famous Development Limited	Hong Kong	HK$1	–	100	Property development
Guangzhou Ganghui Property Management Co., Ltd.#	PRC/Chinese mainland	RMB1,000,000	–	100	Property development

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Honkwok Fuqiang Land Development Ltd.#	PRC/Chinese mainland	RMB185,000,000	–	60	Property development
Guangzhou Hua Yin Land Development Co., Ltd.#	PRC/Chinese mainland	RMB80,000,000	–	100	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.#	PRC/Chinese mainland	RMB52,114,000	–	100	Property development
Guangzhou Tung Hing Fong Commercial Management Co., Ltd.#	PRC/Chinese mainland	RMB5,000,000	–	100	Property letting
Guangzhou Tungfu Property Management Co., Ltd.#	PRC/Chinese mainland	RMB44,400,000	–	100	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	100	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.#	PRC/Chinese mainland	HK$30,000,000	–	100	Property development
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	100	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	100	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
Hopmate International Development Limited	Hong Kong	HK$2	–	100	Investment holding
Hotwin Investment (Chongqing) Co., Ltd.#	PRC/Chinese mainland	US$14,300,000	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting
Optimal Trade Holdings Limited	BVI	US$10	–	60	Investment holding
Shenzhen Guanghai Investment Co., Ltd.#	PRC/Chinese mainland	RMB880,000,000	–	100	Property holding and letting
Shenzhen Honkwok Huaye Development Co., Ltd.#	PRC/Chinese mainland	RMB50,000,000	–	100	Property holding and letting
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	100	Property letting

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
The Bauhinia Hotels Group Japan I 合同会社 (Godo Kaisha)##	Japan	JPY1,000,000	–	60	Property investment
The Bauhinia Hotels Group Japan 2 合同会社 (Godo Kaisha)##	Japan	JPY1,000,000	–	60	Property investment
The Bauhinia Hotels Group Japan 3 合同会社 (Godo Kaisha)##	Japan	JPY1,000,000	–	60	Property investment
The Bauhinia Hotels Group Japan 5 合同会社 (Godo Kaisha)##	Japan	JPY1,000,000	–	51	Property investment
Vast Champ Investment (Chongqing) Co., Ltd.#	PRC/Chinese mainland	US$30,000,000	–	100	Property holding and letting
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	100	Money lending

These subsidiaries are registered in the PRC as foreign-owned enterprises with business durations of 25 to 50 years.

The Group can enjoy all economic interests, instead of equity interests in the companies under contractual terms.

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, assets held for sale, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value. Assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. The consolidated financial statements of the Group are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

As at 31 March 2026, the Group had net current liabilities of HK$364 million, including contract liabilities of HK$90 million that will be realised as revenue rather than resulting in cash outflows, out of which HK$852 million represented properties held for sale under development and completed properties held for sale and HK$764 million represented the Group's cash and bank balances. The Group has interest-bearing bank borrowings due within one year amounting to HK$2,288 million at 31 March 2026.

In view of the continued slow-down of the property market and the current economic environment, the directors of the Company have given due consideration to the future liquidity and operating performance of the Group in assessing whether the Group will have sufficient fund to fulfill its financial obligations and to continue as a going concern for at least 12 months from 31 March 2026. Taking into account the cash flows projections of the Group including the Group's ability to obtain new financing, to renew or refinance the existing credit facilities before maturity and the fact that:

(i) the Group has successfully renewed an existing bank loan of approximately HK$243 million after the end of the reporting period and up to the date of this report;

(ii) the Group has entered into agreements to dispose of certain investment properties of HK$74 million close to the year end and HK$122 million subsequent to the year end and up to the date of this report;

(iii) the fair value of investment properties exceeded the total amount of bank loans by approximately HK$8,458 million as of 31 March 2026; and

(iv) the Group can repay the outstanding borrowings through realisation of assets,

the directors of the Company are of the view that the Group has sufficient working capital to finance its operations in the next twelve months from the end of the reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

After taking into consideration of (i) the ability to re-finance of existing borrowings as well as new debt financing to the Group to finance the existing financial and future operating and capital expenditures; (ii) the acceleration of the sales of properties and to speed up the collection of sales proceeds; and (iii) the realisation of certain of its assets to generate more cashflow when needed, the directors of the Company are of the view that the Group maintains adequate working capital. Accordingly, these financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2026. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting right results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statement*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(Continued)*

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(Continued)*

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of associates or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint ventures are eliminated to the extent of the Group's investments in associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate or a joint venture is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, properties held for sale under development and completed properties held for sale and assets held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% or over the unexpired terms of the leases
Leasehold improvements	20%
Furniture and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Properties held for sale under development and completed properties held for sale

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Properties held for sale under development

Properties held for sale under development are intended to be held for sale after completion. Properties held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

Assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Investment properties classified as held for sale are measured at its fair value in accordance with the policy set out for “Investment properties” above.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land and buildings	Over the shorter of the lease terms and 20%

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policies for "properties held for sale under development and completed properties held for sale".

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately presented in the consolidated statement of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under *HKAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities included in trade payables, other payables and accrued liabilities, derivative financial instruments, customer deposits and interest-bearing bank borrowings.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as cross-currency interest rate swap contracts to hedge its foreign currency risk and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

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

– provides all of the benefits received and consumed simultaneously by the customer;

– creates and enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(a) Sale of properties

Revenue from the sale of properties is recognised at the point in time when the purchasers obtain the physical possession of the completed property, the Group has the present right to payment and the collection of the consideration is probable.

(b) Property management fee income and utility income are recognised when the services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfer control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as investment properties, property, plant and equipment, properties held for sale under development and completed properties held for sale, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rate that approximate to those prevailing at the days of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interest. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Group as lessor

The Group has entered into commercial property leases for its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Determining the timing of satisfaction of contracts related to the sale of properties

The Group determined that the sales contracts with customers require the Group to complete the development of property before transferring the legal title of the relevant property to customers. The Group also determined that the Group does not have an enforceable right to payment from customers for performance completed to date before the transfer of legal title of the relevant property to customers. Consequently, the Group concluded that the timing of transfer of properties is at the point in time when the purchasers obtain the physical possession or the legal title of the completed property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Classification between investment properties and properties held for sale

The Group determines whether a property qualifies as an investment property or a property held for sale, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Properties held for sale are properties held by the Group with the intention of sale in the Group's ordinary course of business.

Judgement is made on an individual property basis to determine whether leased out properties are classified as properties held for sale or investment properties.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties located in Hong Kong are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in Hong Kong, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

For the Group's investment properties located in the PRC, the directors of the Company concluded that the Group's investment properties located in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in the PRC, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are contained in note 29 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

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

Estimation of net realisable values of completed properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the completed properties held for sale of the Group are set out in note 19 to the financial statements.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Current income taxes and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination is made.

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in the Chinese mainland 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 sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the property development business in the Chinese mainland are subject to LAT, which has been included in income tax. However, the implementation of Provisional Regulations on LAT varies amongst various the Chinese mainland cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions for LAT in the period in which such determination is made. Further details are contained in note 10 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised 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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, loss on disposal of subsidiaries, fair value losses on derivative financial instruments, fair value gain/(loss) on a financial asset at fair value through profit or loss, non-lease-related finance costs, share of loss of a joint venture, share of losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in joint ventures, investments in associates, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and other unallocated head office and corporate assets, including tax recoverable and cash and cash equivalents, 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.

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Property, carpark management and others		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue *(note 5)*:								
Sales to external customers	**336,886**	528,210	**460,280**	438,068	**34,960**	46,436	**832,126**	1,012,714
Segment results	**147,083**	210,286	**(386,610)**	(403,065)	**(4,453)**	(4,120)	**(243,980)**	(196,899)
Reconciliation:								
Interest income							**6,607**	24,297
Unallocated expenses							**(60,251)**	(56,994)
Fair value losses on derivative financial instruments							**(10,042)**	(1,435)
Loss on disposal of subsidiaries							**(13,736)**	–
Fair value loss/(gain) on a financial asset at fair value through profit or loss							**(1,387)**	329
Finance costs (other than interest on lease liabilities)							**(245,660)**	(287,962)
Share of loss of a joint venture							**(746)**	(1,862)
Share of profits/(losses) of associates							**(7,874)**	204
Loss before tax							**(577,069)**	(520,322)
Segment assets	**1,586,858**	1,661,920	**14,979,185**	15,507,687	**3,511,666**	3,057,864	**20,077,709**	20,227,471
Reconciliation:								
Elimination of intersegment receivables							**(3,870,150)**	(3,585,855)
Investments in joint ventures							**390,521**	391,267
Investments in associates							**804,905**	775,831
Financial assets at fair value through profit or loss							**5,860**	7,247
Financial assets at fair value through other comprehensive income							**39,197**	37,790
Corporate and other unallocated assets							**800,345**	1,079,084
Total assets							**18,248,387**	18,932,835
Segment liabilities	**1,283,136**	1,264,407	**2,023,799**	2,370,197	**917,831**	381,255	**4,224,766**	4,015,859
Reconciliation:								
Elimination of intersegment payables							**(3,870,150)**	(3,585,855)
Corporate and other unallocated liabilities							**7,159,613**	7,620,173
Total liabilities							**7,514,229**	8,050,177

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Property, carpark management and others		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Fair value losses on investment properties, net	**–**	–	**640,832**	678,919	**–**	–	**640,832**	678,919
Gain on disposal of items of property, plant and equipment	**(176)**	(91)	**(31)**	–	**(120)**	–	**(327)**	(91)
Depreciation	**280**	1,916	**8,922**	7,467	**23,704**	31,748	**32,906**	41,131
Capital expenditure*	**–**	976	**189,725**	305,745	**2,328**	591	**192,053**	307,312

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

Geographical information

(a) Revenue

	2026	2025
	HK$'000	*HK$'000*
Hong Kong	**172,197**	183,792
Chinese mainland	**635,213**	819,128
Japan	**24,716**	9,794
Total revenue	**832,126**	1,012,714

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	2026	2025
	HK$'000	*HK$'000*
Hong Kong	**5,100,304**	5,412,533
Chinese mainland	**10,350,997**	10,301,356
Japan	**379,358**	562,247
Other	**199**	199
Total	**15,830,858**	16,276,335

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

5. REVENUE AND OTHER INCOME

Revenue represents income from the sale of properties, gross rental income, property management income and other income during the year.

An analysis of revenue is as follows:

	2026	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**336,886**	528,210
Property management income and others	**52,685**	47,921
Revenue from other sources		
Gross rental income	**442,555**	436,583
Total	**832,126**	1,012,714

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2026

Segments

	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Types of goods or services				
Sale of properties	336,886	–	–	336,886
Property management services and others	–	45,327	7,358	52,685
Total revenue from contracts with customers	336,886	45,327	7,358	389,571
Geographical markets				
Hong Kong	–	2,936	7,358	10,294
Chinese mainland	336,886	42,391	–	379,277
Total revenue from contracts with customers	336,886	45,327	7,358	389,571
Timing of revenue recognition				
Goods transferred at a point in time	336,886	–	–	336,886
Services transferred over time	–	45,327	7,358	52,685
Total revenue from contracts with customers	336,886	45,327	7,358	389,571

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information (Continued)

For the year ended 31 March 2025

Segments

	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Types of goods or services				
Sale of properties	528,210	–	–	528,210
Property management services and others	–	38,391	9,530	47,921
Total revenue from contracts with customers	528,210	38,391	9,530	576,131
Geographical markets				
Hong Kong	–	2,686	9,530	12,216
Chinese mainland	528,210	35,705	–	563,915
Total revenue from contracts with customers	528,210	38,391	9,530	576,131
Timing of revenue recognition				
Goods transferred at a point in time	528,210	–	–	528,210
Services transferred over time	–	38,391	9,530	47,921
Total revenue from contracts with customers	528,210	38,391	9,530	576,131

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied:

	2026	2025
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Sale of properties	**42,395**	96,029

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon the physical possession of the completed property being obtained by the purchasers.

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations (Continued)

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, and are billed based on the time incurred.

	2026	2025
	HK$'000	*HK$'000*
Other income and gains		
Bank and other interest income	**6,607**	24,297
Gain on disposal of items of property, plant and equipment	**327**	91
Reversal of provision made for property held for sale under development	**21,600**	–
Others	**21,345**	26,150
Total	**49,879**	50,538

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2026	2025
	HK$'000	*HK$'000*
Interest on bank loans	**274,968**	378,831
Interest on lease liabilities	**2,962**	3,232
Interest on amounts due to the immediate holding company	**453**	1,239
Less: Interest capitalised under properties under development and investment properties	**(29,761)**	(92,108)
Total	**248,622**	291,194

7. LOSS BEFORE TAX

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

	Notes	2026 HK$'000	2025 HK$'000
Cost of properties sold		**175,561**	280,241
Direct operating expenses (including repairs and maintenance) arising from rental-earning properties#*		**227,931**	205,612
Depreciation of property, plant and equipment and right-of-use asset#	*13*	**32,906**	41,131
Impairment of right-of-use asset	*13*	**2,437**	–
Amortisation of loan arrangement fee		**19,544**	17,567
Lease payments not included in the measurement of lease liabilities*	*15(c)*	**227**	699
Contract costs arising from the sale of properties**		**24,608**	43,078
Gain on lease modification	*15(b)*	**(79)**	(27)
Auditor's remuneration		**3,024**	3,358
Employee benefit expense (including directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		**63,590**	76,662
Pension scheme contributions		**2,093**	2,558
Subtotal		**65,683**	79,220
Less: Amounts capitalised under properties under development		**(25,676)**	(41,400)
Total		**40,007**	37,820
Fair value loss/(gain) on a financial asset at fair value through profit or loss***		**1,387**	(329)
Fair value losses on derivative financial instruments***		**10,042**	1,435
Fair value losses on investment properties, net	*14*	**640,832**	678,919
Bank and other interest income		**(6,607)**	(24,297)
Gain on disposal of items of property, plant and equipment		**(327)**	(91)
Reversal of provision made for property held for sale under development		**(21,600)**	–
Loss on disposal of subsidiaries**	*32*	**13,736**	–
Foreign exchange differences, net**		**19**	1,833

7. LOSS BEFORE TAX *(Continued)*

At 31 March 2026 and 2025, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

Included in the amounts is depreciation of leased carparks of HK$16,245,000 (2025: HK$23,067,000) which is included in "Cost of sales" in the consolidated statement of profit or loss.

* *The direct operating expenses (including repairs and maintenance) arising from rental-earning properties and lease payments not included in the measurement of lease liabilities are included in "Cost of sales" in the consolidated statement of profit or loss.*

** *The contract costs arising from the sale of properties, foreign exchange differences and loss on disposal of subsidiaries, net are included in "Other operating expenses, net" in the consolidated statement of profit or loss.*

*** *The fair value loss/(gain) on a financial asset at fair value through profit or loss and fair value losses on derivative financial instruments are included in "Administrative expenses" in the consolidated statement of profit or loss.*

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2026	2025
	HK$'000	*HK$'000*
Fees	**2,343**	1,974
Other emoluments:		
Salaries, allowances and benefits in kind	**16,953**	16,125
Pension scheme contributions	**591**	553
Subtotal	**17,544**	16,678
Total	**19,887**	18,652

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

		2026	2025
	Note	***HK$'000***	*HK$'000*
James C. Chen		**380**	320
Janie Fong		**380**	320
Rui Hua Chang	*(i)*	**127**	–
David Tak-Wai Ma	*(ii)*	**253**	320
Raymond Ming-Joe Chow	*(iii)*	**253**	347
Total		**1,393**	1,307

Notes:

(i) Appointed on 18 September 2025

(ii) Retired on 29 August 2025

(iii) Resigned on 29 August 2025

There were no other emoluments payable to the independent non-executive directors during the year (2025: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive director

	Note	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Long service pension HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2026						
Executive directors:						
James Sing-Wai Wong		**380**	**2,296**	**–**	**212**	**2,888**
Xiao-Ping Li	*(ii)*	**–**	**2,534**	**6,081**	**–**	**8,615**
Philip Bing-Lun Lam	*(iii)*	**–**	**570**	**–**	**–**	**570**
Donald Yin-Shing Lam		**–**	**5,472**	**–**	**379**	**5,851**
Non-executive directors:						
Emily Yen Wong		**380**	**–**	**–**	**–**	**380**
Philip Bing-Lun Lam	*(iii)*	**190**	**–**	**–**	**–**	**190**
Total		**950**	**10,872**	**6,081**	**591**	**18,494**

	Note	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Long service pension HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2025						
Executive directors:						
James Sing-Wai Wong		320	2,470	–	228	3,018
Xiao-Ping Li		–	6,588	–	–	6,588
Philip Bing-Lun Lam		–	2,470	–	–	2,470
Donald Yin-Shing Lam	*(i)*	–	4,597	–	325	4,922
Non-executive director:						
Emily Yen Wong		347	–	–	–	347
Total		667	16,125	–	553	17,345

Notes:

(i) Appointed on 19 April 2024

(ii) Retired on 29 August 2025

(iii) Re-designated from executive director to non-executive director on 1 July 2025

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2025: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2025: two) non-director highest paid employees are as follows:

	2026	2025
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**7,627**	10,212
Pension scheme contributions	**203**	254
Total	**7,830**	10,466

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2026	2025
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	2
HK$4,000,001 to HK$4,500,000	**1**	–
Total	**2**	2

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

LAT has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in the Chinese mainland 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.

	2026	2025
	HK$'000	*HK$'000*
Current – Elsewhere	**39,559**	72,564
LAT in the Chinese mainland	**60,898**	63,441
Deferred *(note 29)*	**(167,991)**	(47,298)
Total tax charge/(credit) for the year	**(67,534)**	88,707

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax charge/(credit) at the effective tax rate is as follows:

	2026	2025
	HK$'000	*HK$'000*
Loss before tax	**(577,069)**	(520,322)
Tax at the statutory tax rates	**(153,001)**	(58,748)
Income not subject to tax	**(6,127)**	(3,999)
Expenses not deductible for tax	**25,658**	60,517
Tax losses utilised from previous periods	**(1,281)**	(8,306)
Tax losses not recognised	**15,933**	22,168
Losses/(profits) attributable to associates	**1,885**	(51)
LAT	**60,898**	63,441
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**20,313**	21,407
Others	**(31,812)**	(7,722)
Tax charge/(credit) at the Group's effective rate of 11.7% (2025: –17.1%)	**(67,534)**	88,707

10. INCOME TAX *(Continued)*

The share of tax credit attributable to associates amounting to HK$2,041,000 (2025: HK$133,000) is included in "Share of profits/(losses) of associates" in the consolidated statement of profit or loss.

There was no share of tax attributable to joint ventures during the year ended 31 March 2026 (2025: Nil).

11. DIVIDEND

	2026	2025
	HK$'000	*HK$'000*
Proposed final – 1 HK cent (2025: 3 HK cents) per ordinary share	**7,204**	21,613

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

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year of HK$527,368,000 (2025: HK$675,309,000) attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 720,429,301 (2025: 720,429,301) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2026 and 2025 in respect of a dilution as the Group has no potentially dilutive ordinary shares in issue during the years ended 31 March 2026 and 2025.

13. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets			Owned assets					
	Leasehold land	Buildings	Total	Buildings	Leasehold improvements	Furniture and equipment	Motor vehicles	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2026									
At 31 March 2025 and 1 April 2025:									
Cost	195,093	113,368	308,461	66,228	7,573	21,235	10,453	105,489	413,950
Accumulated depreciation	(36,969)	(86,847)	(123,816)	(26,668)	(6,109)	(17,586)	(7,560)	(57,923)	(181,739)
Net carrying amount	158,124	26,521	184,645	39,560	1,464	3,649	2,893	47,566	232,211
At 1 April 2025	158,124	26,521	184,645	39,560	1,464	3,649	2,893	47,566	232,211
Additions	–	31,173	31,173	–	–	8,577	1,772	10,349	41,522
Disposals	–	–	–	–	–	(3)	(566)	(569)	(569)
Transfer from investment properties	16,099	–	16,099	3,297	–	–	–	3,297	19,396
Transfer to investment properties	(33,744)	–	(33,744)	(6,911)	–	–	–	(6,911)	(40,655)
Impairment	–	(2,437)	(2,437)	–	–	–	–	–	(2,437)
Lease modification	–	(492)	(492)	–	–	–	–	–	(492)
Depreciation provided during the year	(4,788)	(23,175)	(27,963)	(2,221)	(470)	(1,604)	(648)	(4,943)	(32,906)
Exchange realignment	10,446	–	10,446	2,684	–	26	120	2,830	13,276
At 31 March 2026, net of accumulated depreciation	146,137	31,590	177,727	36,409	994	10,645	3,571	51,619	229,346
At 31 March 2026:									
Cost	175,147	96,610	271,757	63,530	7,573	28,558	10,554	110,215	381,972
Accumulated depreciation	(29,010)	(65,020)	(94,030)	(27,121)	(6,579)	(17,913)	(6,983)	(58,596)	(152,626)
Net carrying amount	146,137	31,590	177,727	36,409	994	10,645	3,571	51,619	229,346

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Right-of-use assets			Owned assets					
	Leasehold land	Buildings	Total	Buildings	Leasehold improvements	Furniture and equipment	Motor vehicles	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2025									
At 31 March 2024 and 1 April 2024:									
Cost	200,630	118,465	319,095	72,263	7,580	21,328	12,751	113,922	433,017
Accumulated depreciation	(37,548)	(75,853)	(113,401)	(27,625)	(4,991)	(17,196)	(9,422)	(59,234)	(172,635)
Net carrying amount	163,082	42,612	205,694	44,638	2,589	4,132	3,329	54,688	260,382
At 1 April 2024	163,082	42,612	205,694	44,638	2,589	4,132	3,329	54,688	260,382
Additions	–	17,945	17,945	–	–	1,010	608	1,618	19,563
Disposals	–	–	–	–	–	(5)	(80)	(85)	(85)
Transfer to investment properties	–	–	–	(3,050)	–	–	–	(3,050)	(3,050)
Lease modification	–	(4,103)	(4,103)	–	–	–	–	–	(4,103)
Depreciation provided during the year	(5,380)	(29,933)	(35,313)	(2,191)	(1,125)	(1,526)	(976)	(5,818)	(41,131)
Exchange realignment	422	–	422	163	–	38	12	213	635
At 31 March 2025, net of accumulated depreciation	158,124	26,521	184,645	39,560	1,464	3,649	2,893	47,566	232,211
At 31 March 2025:									
Cost	195,093	113,368	308,461	66,228	7,573	21,235	10,453	105,489	413,950
Accumulated depreciation	(36,969)	(86,847)	(123,816)	(26,668)	(6,109)	(17,586)	(7,560)	(57,923)	(181,739)
Net carrying amount	158,124	26,521	184,645	39,560	1,464	3,649	2,893	47,566	232,211

At 31 March 2026, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$154,386,000 (2025: HK$182,280,000) were pledged to secure general banking facilities granted to the Group as detailed in note 28(a)(iii) to the financial statements.

14. INVESTMENT PROPERTIES

	2026
	Completed investment properties at fair value
	HK$'000
At beginning of year	**14,877,026**
Additions	**181,704**
Net losses from fair value adjustments	**(640,832)**
Exchange realignment	**376,501**
Disposal of subsidiaries *(note 32)*	**(350,000)**
Transfer from completed properties held for sale *(note)*	**136,918**
Transfer from property, plant and equipment	**40,655**
Transfer to property, plant and equipment	**(19,396)**
Transfer to assets held for sale	**(196,490)**
At end of year	**14,406,086**

			2025
	Completed investment properties at fair value	Investment properties under construction at fair value	Total
	HK$'000	*HK$'000*	*HK$'000*
At beginning of year	14,378,580	634,409	15,012,989
Additions	256,229	49,465	305,694
Net gains/(losses) from fair value adjustments	(761,712)	82,793	(678,919)
Exchange realignment	225,879	8,333	234,212
Transfer	775,000	(775,000)	–
Transfer from property, plant and equipment	3,050	–	3,050
At end of year	14,877,026	–	14,877,026

Note: *During the year, a property was transferred from properties held for sale to investment properties due to a change in use. The property was measured at fair value of HK$64,717,000 on the transfer date, resulting in a valuation loss of HK$72,201,000 recognised in profit or loss.*

14. INVESTMENT PROPERTIES *(Continued)*

The directors of the Company have determined that the Group's investment properties are commercial properties, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 March 2026 and 2025 based on valuations performed by Savills Valuation and Professional Services Limited and Daiwa Real Estate Appraisal Co., Ltd., independent professionally qualified valuers, at an aggregate value of HK$14,026,728,000 (2025: HK$14,314,779,000) and HK$379,358,000 (2025: HK$562,247,000) respectively. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for the interim and annual financial reporting.

Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

At 31 March 2026, the Group's investment properties with an aggregate carrying value of HK$14,203,000,000 (2025: HK$14,735,000,000) were pledged to secure the banking facilities granted to the Group as detailed in note 28(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 28(a)(v) to the financial statements.

Based on the property ownership certificates, a portion of the investment properties with a total gross floor area of approximately 3,023 sq.m. is designated as non-market commodity housing which is not freely transferable in the market. As at 31 March 2026, the market value of such portion was HK$72,727,000 (2025: HK$78,587,000).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 159 to 164.

Investment properties included interest expense of HK$29,761,000 (2025: HK$63,920,000) that was incurred and capitalised during the year.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties at fair value:

	Fair value measurement as at 31 March 2026 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**14,406,086**	**14,406,086**

	Fair value measurement as at 31 March 2025 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial properties	–	–	14,877,026	14,877,026

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2025: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	HK$'000
Carrying amount at 1 April 2024	15,012,989
Additions	305,694
Net losses from fair value adjustments	(678,919)
Exchange realignment	234,212
Transfers	3,050
Carrying amount at 31 March 2025 and 1 April 2025	14,877,026
Additions	181,704
Net losses from fair value adjustments	(640,832)
Exchange realignment	376,501
Disposal of subsidiaries	(350,000)
Transfers	(38,313)
Carrying amount at 31 March 2026	**14,406,086**

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties at fair value:

	Valuation techniques	**Significant unobservable inputs**	**Range or weighted average**	
Commercial properties			**2026**	2025
Completed	Income capitalisation approach	Estimated rental value		
		per sq.ft. per month *(HK$)*	**35 to 71**	19 to 72
		per sq.m. per month *(RMB)*	**36 to 387**	53 to 387
		per hotel room price *(JPY)*	**5,500 to 33,000**	6,000 to 12,500
		Capitalisation rate	**3.1% to 6.5%**	3.2% to 6.5%
	Direct comparison approach	Unit price *(HK$/unit)*	**1,800,000**	2,000,000
		Unit price *(RMB/unit)*	**80,000 to 460,000**	80,000 to 480,000
		Price per sq.ft. *(HK$)*	**7,800 to 8,800**	8,500 to 9,900

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Income capitalisation approach

Under the income capitalisation approach, fair value is estimated on the basis of the capitalisation of existing rental income and reversionary market rental income.

The market rentals of the investment properties are assessed and capitalised at market yield expected by investors for this type of property. The market rents are assessed by reference to the rentals achieved in the investment properties as well as other lettings of similar properties in the neighbourhood. The market yield, which is the capitalisation rate adopted, is determined by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take account of the valuers' knowledge of the market expectation from property investors to reflect factors specific to the Group's investment properties.

The key inputs were the market rent and the market yield. A significant increase/(decrease) in the market rent in isolation would result in a significant increase/(decrease) in the fair value of the investment properties and a significant increase/(decrease) in the market yield in isolation would result in a significant (decrease)/increase in the fair value of the investment properties.

Direct comparison approach

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions available in the market.

The valuation takes into account the characteristics of the investment properties, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price per unit.

The key input was the market price per unit. A significant increase/(decrease) in the market price would result in a significant increase/(decrease) in the fair value of the investment properties.

15. LEASES

The Group as a lessee

The Group has lease contracts for land and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms from one to three years.

(a) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2026	2025
	HK$'000	*HK$'000*
Carrying amount at 1 April	**28,416**	46,587
New leases	**31,173**	17,945
Modification	**–**	(4,130)
Disposal	**(571)**	–
Accretion of interest recognised during the year	**2,962**	3,232
Payment	**(28,744)**	(35,218)
Carrying amount at 31 March	**33,236**	28,416
Analysed into:		
Current portion	**18,461**	16,933
Non-current portion	**14,775**	11,483

The maturity analysis of lease liabilities is disclosed in note 41 to the financial statements.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2026	2025
	HK$'000	*HK$'000*
Interest on lease liabilities	**2,962**	3,232
Depreciation of right-of-use assets	**27,963**	35,313
Impairment of right-of-use assets	**2,437**	–
Variable lease payment not included in the measurement of lease liabilities (included in cost of sales)	**227**	699
Gain on lease modification	**(79)**	(27)
Total amount recognised in profit or loss	**33,510**	39,217

(c) *Variable lease payments*

The Group leased a number of carparks which contain variable lease payment terms that are based on the Group's turnover generated from the carparks. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments recognised in profit or loss for the current year for these leases were HK$16,245,000 and HK$227,000 (2025: HK$23,579,000 and HK$699,000), respectively.

(d) The total cash outflow for leases is disclosed in note 34(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of eighteen (2025: fourteen) commercial properties in Hong Kong, Chinese mainland and Japan under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$442,555,000 (2025: HK$436,583,000), details of which are included in note 5 to the financial statements.

15. LEASES *(Continued)*

The Group as a lessor *(Continued)*

At 31 March 2026, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2026	2025
	HK$'000	*HK$'000*
Within one year	**363,056**	303,407
After one year but within two years	**324,449**	248,205
After two years but within three years	**265,269**	215,899
After three years but within four years	**225,869**	194,272
After four years but within five years	**194,579**	174,864
After five years	**982,092**	857,508
Total	**2,355,314**	1,994,155

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 28(a)(v) to the financial statements.

16. INVESTMENTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE

	2026	2025
	HK$'000	*HK$'000*
Share of net assets	**199**	199
Loan to a joint venture	**390,322**	391,068
Total	**390,521**	391,267

16. INVESTMENTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE *(Continued)*

The loan to a joint venture is unsecured and has no fixed term of repayment. In the opinion of the directors, the loan is unlikely to be repaid in the foreseeable future and is considered as part of the Group's net investment in the joint venture.

The amount due from a joint venture is unsecured, interest-free and repayable on demand.

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued share capital	Place of incorporation and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Two City Hall Place Limited	Common share capital of CAD100	Canada	50	50	50	Dormant
Time Trade Global Limited	Ordinary share capital of US$2	BVI	50	50	50	Property development

The investments in joint ventures are indirectly held by the Company.

The following table illustrates the financial information of the Group's joint ventures that are not individually material:

	2026	2025
	HK$'000	*HK$'000*
Share of the joint ventures' losses for the year	**(746)**	(1,862)
Share of the joint ventures' other comprehensive losses	**–**	–
Share of the joint ventures' total comprehensive losses	**(746)**	(1,862)
Aggregate carrying amount of the Group's investments in the joint ventures	**390,521**	391,267

17. INVESTMENTS IN ASSOCIATES

	2026	2025
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**786,531**	757,457
Total	**804,905**	775,831

Particulars of associates are as follows:

Name	Particulars of issued share capital	Place of incorporation and business	Percentage of ownership interest attributable to the Group	Principal activity
Chinney Trading Company Limited	HK$615,425,068	Hong Kong	20	Property development
City Leader Limited	JPY358,719,688 HK$1	Hong Kong	25	Investment holding

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2026	2025
	HK$'000	*HK$'000*
Share of associates' profits/(losses) for the year	**(7,874)**	204
Share of associates' other comprehensive income	**23,990**	5,813
Share of associates' total comprehensive income	**16,116**	6,017
Carrying amount of the Group's investments in associates	**804,905**	775,831

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026	2025
	HK$'000	*HK$'000*
Financial assets at fair value through other comprehensive income		
Unlisted equity investment, at fair value		
5300 Yonge Limited Partnership	**39,197**	37,595
Unlisted equity investment, at fair value		
Trivium Japan Core Hotel Investments Limited	**–**	195
Total	**39,197**	37,790

The above unlisted equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

19. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2026	2025
	HK$'000	*HK$'000*
Completed properties held for sale	**848,277**	1,071,256
Properties held for sale under development	**3,582**	3,582
Total	**851,859**	1,074,838

	2026	2025
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
Within one year	**–**	–
– pending construction expected to be recovered:		
After one year	**3,582**	3,582
Total	**3,582**	3,582

In the prior year, properties held for sale under development and completed properties held for sale included interest expense of HK$28,188,000 that was incurred and capitalised prior to the completion of the development of the properties. Nil interest expense was incurred and capitalised under properties held for sale under development and completed properties held for sale during the year because of the completion of the development of the properties as at the beginning of current year.

During the year, certain of the Group's completed properties held for sale with an aggregate carrying value amounting to HK$374,470,000 (2025: HK$715,636,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 28(a)(ii) to the financial statements.

Further particulars of the Group's properties held for sale under development and completed properties held for sale are included in "Particulars of Properties" on pages 159 to 164.

20. 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:

	2026	2025
	HK$'000	*HK$'000*
Within 30 days	**559**	1,349
31 to 60 days	**332**	402
61 to 90 days	**69**	430
Over 90 days	**4,471**	8,866
Total	**5,431**	11,047

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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The carrying amounts of the trade receivables approximate to their fair values.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The financial impact of ECL for trade receivables under HKFRS 9 was insignificant for the years ended 31 March 2026 and 2025.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026	2025
	HK$'000	*HK$'000*
Key management insurance contracts	**3,735**	3,735
Listed equity investment, at fair value	**2,125**	3,512
Total	**5,860**	7,247
Analysed for reporting purposes as:		
Current assets	**5,860**	7,247

The above listed equity investment was classified as a financial assets at fair value through profit or loss as it was held for trading.

The key management insurance contracts and other unlisted investment were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As at 31 March 2026, the key management insurance contracts represented life insurance plans with investment elements relating to two members of key management personnel of the Group. The total sum insured is US$600,000 (2025: US$600,000) (approximately HK$4,680,000) with an annual minimum guaranteed return of 2%.

As at 31 March 2026, if the Group withdrew from the insurance contract, the account value, net of surrender charges, of US$480,000 (2025: US$480,000) (approximately HK$3,735,000) would be refunded to the Group. The amount of surrender charges decreased over time and was no longer required from the 6th year of contract conclusion onwards.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Prepayments	**84,780**	48,600
Deposits	**11,113**	23,072
Other receivables	**312,685**	299,805
Total	**408,578**	371,477

None of the deposits is either past due or impaired.

The remaining balance of other receivables that were neither past due nor impaired relates to a large number of independent parties for whom there was no recent history of default and past due amounts. As at 31 March 2026 and 2025, the loss allowance was assessed to be minimal.

The Group has applied the general approach to provide for expected credit losses for financial assets included in prepayments, deposits and other receivables. The Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate. The Group has classified financial assets included in prepayments, deposits and other receivables in stage 1 and continuously monitors their credit risk. As at 31 March 2026 and 2025, the Group estimated that the expected loss rate for financial assets included in prepayments, deposits and other receivables was insignificant.

23. CASH AND CASH EQUIVALENTS

	2026	2025
	HK$'000	*HK$'000*
Cash and bank balances	**710,936**	881,841
Time deposits	**53,293**	161,629
Total	**764,229**	1,043,470

Included in cash and cash equivalents are restricted bank balances of HK$133,680,000 (2025: HK$251,600,000).

At the end of the reporting period, the cash and cash equivalents including time deposits of the Group denominated in RMB amounted to HK$548,580,000 (2025: HK$651,572,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. ASSETS HELD FOR SALE

(a) In March 2026, the Group entered into a sale and purchase agreement with an independent third party to dispose of its property comprises land and a 10-storey hotel building situated at 1-18-2, Bakuromachi, Chuo-ku, Osaka, Japan (the "Osaka Property"), which was previously classified as investment property.

As at 31 March 2026, the disposal transaction was highly probable and the Osaka Hotel Property was available for immediate sale in its present condition. Accordingly, the Osaka Property was reclassified as assets held for sale. The disposal was completed on 22 May 2026.

(b) In March 2026, the Group accepted the offer from an independent third party to dispose of its property comprises the land and a 9-storey hotel building situated at Kaminarimon 1, Taito-ku, Tokyo, Japan (the "Tokyo Property"), which was previously classified as investment property.

As at 31 March 2026, the disposal transaction was highly probable and the Tokyo Property was available for immediate sale in its present condition. Accordingly, the Tokyo Property was reclassified as assets held for sale. The disposal is expected to be completed within twelve months from the end of the reporting period.

The major class of assets held for sale as at 31 March 2026 is as follows:

	2026 ***HK$'000***
Investment properties	
– Osaka Property	**73,990**
– Tokyo Property	**122,500**
Total assets held for sale	**196,490**

During the year, the Group's assets held for sale with an aggregate carrying value amounting to HK$196,490,000 (2025: Nil) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 28(a)(iv) to the financial statements.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

	Notes	**2026** **HK$'000**	2025 HK$'000
Trade payables	(a)	**23,156**	16,672
Other payables and accrued liabilities	(b)	**99,637**	224,154
Amounts due to the immediate holding company	(c)	**20,000**	42,000
Total		**142,793**	282,826

Notes:

(a) *As at 31 March 2026 and 2025, the Group's trade payables were all within 30 days based on invoice dates. The trade payables are non-interest-bearing and are normally settled on 30-day terms.*

(b) *Other payables and accrued liabilities are non-interest-bearing and there are generally no credit terms.*

(c) *As at 31 March 2026, the amounts due to the immediate holding company of HK$20,000,000 (2025: HK$42,000,000) were unsecured, interest-bearing at prevailing market rate and repayable on demand.*

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2026 **HK$'000**	2025 HK$'000
Liabilities		
Cross-currency interest rate swaps	**–**	1,435

The cross-currency interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging cross-currency interest rate swaps amounting to HK$10,042,000 (2025: HK$1,435,000) were charged to profit or loss during the year.

27. CONTRACT LIABILITIES

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sale of properties. The increase in contract liabilities in 2026 and 2025 was mainly due to the increase in sales proceeds received from customers in relation to the pre-sale of properties during the years.

28. INTEREST-BEARING BANK BORROWINGS

	2026			2025		
	Effective annual interest rate (%)	**Maturity**	***HK$'000***	Effective annual interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured	**2.1-6.5**	**2026-2027**	**2,288,160**	1.6-6.5	2025-2026	535,955
Non-current						
Bank loans – secured	**2.1-6.5**	**2027-2050**	**3,659,843**	1.6-6.5	2026-2050	5,779,610
Total			**5,948,003**			6,315,565

	2026	2025
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year	**2,288,160**	535,955
In the second year	**2,965,189**	2,186,192
In the third to fifth years, inclusive	**342,106**	3,160,142
Beyond five years	**352,548**	433,276
Total	**5,948,003**	6,315,565

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of HK$14,203,000,000 (2025: HK$14,735,000,000) as detailed in note 14 to the financial statements;

(ii) mortgages over certain of the Group's completed properties held for sale, which had an aggregate carrying value at the end of the reporting period of HK$374,470,000 (2025: HK$715,636,000) as detailed in note 19 to the financial statements;

(iii) mortgages over certain of the Group's leasehold land and buildings, which had a net carrying value at the end of the reporting period of approximately HK$154,386,000 (2025: HK$182,280,000) as detailed in note 13 to the financial statements;

(iv) mortgages over the Group's assets held for sale, which had an aggregate carrying value at the end of the reporting period of approximately HK$196,490,000 (2025: Nil) as detailed in note 24 to the financial statements;

(v) assignments of rental income from the leases of certain of the Group's investment properties; and

(vi) a charge over the shares of certain subsidiaries of the Group.

28. INTEREST-BEARING BANK BORROWINGS *(Continued)*

Notes: (Continued)

(b) Irrevocable and unconditional guarantees have been given by the Company in respect of bank borrowings of certain subsidiaries. In addition, the Company has subordinated its loans to certain subsidiaries in favour of the relevant lending banks.

(c) Except for certain bank loans denominated in RMB and JPY equivalent to HK$1,699,839,000 (2025: HK$1,619,839,000) and HK$192,994,000 (2025: HK$201,455,000), respectively, all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$2,288,160,000 (2025: HK$535,955,000) payable within one year or on demand; HK$2,965,189,000 (2025: HK$2,186,192,000) payable in the second year; HK$342,106,000 (2025: HK$3,160,142,000) payable in the third to fifth years, inclusive; and HK$352,548,000 (2025: HK$433,276,000) payable beyond five years.

All bank loans of the Group bear interest at floating rates.

The carrying amounts of the Group's current and non-current bank borrowings approximate to their fair values.

29. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

	2026			
	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Withholding tax *HK$'000*	Total *HK$'000*
At 1 April 2025	17,775	1,085,114	120,462	1,223,351
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	(9,807)	(148,286)	(9,898)	(167,991)
Exchange realignment	–	43,998	(2,340)	41,658
At 31 March 2026	**7,968**	**980,826**	**108,224**	**1,097,018**

29. DEFERRED TAX *(Continued)*

	2025			
	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Withholding tax *HK$'000*	Total *HK$'000*
At 1 April 2024	30,891	1,150,250	73,500	1,254,641
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	(13,116)	(81,144)	46,962	(47,298)
Exchange realignment	–	16,008	–	16,008
At 31 March 2025	17,775	1,085,114	120,462	1,223,351

At the end of the reporting period, the Group had unrecognised tax losses of HK$1,907,891,000 (2025: HK$1,976,500,000) available to offset against future taxable profits. The deductible temporary differences and tax losses have not been recognised, as in the opinion of the directors, it is uncertain that there will be sufficient future taxable profits available against the utilisation of these temporary differences and tax losses.

At 31 March 2026, except for the deferred tax recognised for certain PRC subsidiaries that will distribute dividends according to a dividend payout ratio of 65% estimated by the directors, no deferred tax has been recognised for withholding taxes of the Group's other subsidiaries established in the Chinese mainland and in Canada. In the opinion of the directors, it is not probable that those subsidiaries in the Chinese mainland and Canada will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland and in Canada for which deferred tax liabilities have not been recognised totalled HK$1,414,046,000 at 31 March 2026 (2025: HK$1,539,421,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. SHARE CAPITAL

	2026	2025
	HK$'000	*HK$'000*
Issued and fully paid:		
720,429,301 (2025: 720,429,301) ordinary shares	**1,519,301**	1,519,301

31. RESERVES

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

32. DISPOSAL OF SUBSIDIARIES

In December 2025, the Group entered into a disposal agreement with an independent third party to dispose of its entire equity interests in three wholly-owned subsidiaries, namely Oseling Investments Limited, King Capital Development Limited and The Bauhinia Hotel (TST) Management Limited (collectively, the "Disposed Group") for a cash consideration of HK$338,975,000.

	HK$'000
Net assets disposed of:	
Investment property	**350,000**
Cash and cash equivalents	**1,399**
Prepayments and other receivables	**2,388**
Accruals and other payables	**(1,076)**
	352,711
– Loss on disposal of subsidiaries	**(13,736)**
Total consideration	**338,975**
Satisfied by:	
Cash	**338,975**

33. PARTLY-OWNED SUBSIDIARIES WITH A MATERIAL NON-CONTROLLING INTEREST

Details of the Group's subsidiaries that have a material non-controlling interest are set out below:

	2026	2025
Percentage of equity interest held by non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**40%**	40%
Optimal Trade Holdings Limited	**40%**	40%

	2026	2025
	HK$'000	*HK$'000*
Profit for the year allocated to non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**4,286**	9,034
Optimal Trade Holdings Limited	**15,947**	57,908
Accumulated balances of non-controlling interest at the reporting date:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**243,261**	225,326
Optimal Trade Holdings Limited	**81,521**	131,098

33. PARTLY-OWNED SUBSIDIARY WITH A MATERIAL NON-CONTROLLING INTEREST *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Guangzhou Honkwok Fuqiang Land Development Ltd.

	2026	2025
	HK$'000	*HK$'000*
Revenue and other income	**13,653**	57,216
Total expenses	**(2,938)**	(34,630)
Profit for the year	**10,715**	22,586
Total comprehensive income for the year	**44,837**	31,593
Current assets	**632,358**	592,031
Non-current assets	**143**	218
Current liabilities	**(24,348)**	(28,934)
Net cash flows used in operating activities	**(22,526)**	(78,299)
Net cash flows from investing activities	**70**	845
Net decrease in cash and cash equivalents	**(22,456)**	(77,454)

Optimal Trade Holdings Limited

	2026	2025
	HK$'000	*HK$'000*
Revenue and other income	**41,775**	200,263
Total expenses	**(1,907)**	(55,493)
Profit for the year	**39,868**	144,770
Total comprehensive income/(loss) for the year	**(123,943)**	144,770
Current assets	**30,244**	15,547
Non-current assets	**379,606**	570,190
Current liabilities	**(21,603)**	(18,054)
Non-current liabilities	**(184,445)**	(239,938)
Net cash flows from operating activities	**22,831**	55,050
Net cash flows used in investing activities	**(26,561)**	(96,614)
Net cash flows from financing activities	**3,629**	39,958
Net decrease in cash and cash equivalents	**(101)**	(1,606)

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) In the prior year, certain additions of properties held for sale under development and completed properties held for sale of HK$62,703,000 were not paid at the end of the reporting period and were recorded as accrued liabilities.

(ii) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$31,173,000 and HK$31,173,000, respectively, in respect of lease arrangements for properties (2025: HK$17,945,000 and HK$17,945,000).

(iii) During the year, the Group had a non-cash lease modification resulting in a decrease in right-of-use assets and lease liabilities of HK$492,000 and HK$571,000, respectively, for lease arrangements for properties (2025: HK$4,103,000 and HK$4,130,000).

(iv) During the year, the Group had non-cash additions to investment properties of HK$35,396,000 (2025: HK$98,665,000) which were not paid at the end of the reporting period and were recorded as accrued liabilities.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities

2026

	Lease liabilities	Interest-bearing bank borrowings	Amounts due to the immediate holding company included in trade payables, other payables and accrued liabilities
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2025	28,416	6,315,565	42,000
Changes from financing cash flows	(25,782)	–	–
New bank loans	–	301,526	–
Repayment of bank loans	–	(739,674)	–
Decrease in amounts due to the immediate holding company	–	–	(22,000)
New lease	31,173	–	–
Modification	(571)	–	–
Interest expense	2,962	–	–
Interest paid classified as operating cash flows	(2,962)	–	–
Exchange realignment	–	70,586	–
At 31 March 2026	**33,236**	**5,948,003**	**20,000**

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

2025

	Lease liabilities *HK$'000*	Interest-bearing bank borrowings *HK$'000*	Amounts due to the immediate holding company included in trade payables, other payables and accrued liabilities *HK$'000*
At 1 April 2024	46,587	6,506,712	–
Changes from financing cash flows	(31,986)	–	–
New bank loans	–	1,277,578	–
Repayment of bank loans	–	(1,487,920)	–
Increase in amounts due to the immediate holding company	–	–	50,000
Decrease in amounts due to the immediate holding company	–	–	(8,000)
New lease	17,945	–	–
Modification	(4,130)	–	–
Interest expense	3,232	–	–
Interest paid classified as operating cash flows	(3,232)	–	–
Exchange realignment	–	19,195	–
At 31 March 2025	28,416	6,315,565	42,000

(c) Total cash outflow for leases

	2026 **HK$'000**	2025 *HK$'000*
Within operating activities	**(3,189)**	(3,931)
Within financing activities	**(25,782)**	(31,986)
Total	**(28,971)**	(35,917)

35. CONTINGENT LIABILITIES

(a) As at 31 March 2026, the Group has given a guarantee of HK$487,500,000 (2025: HK$487,500,000) 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$269,650,000 (2025: HK$237,500,000).

(b) As at 31 March 2026, the Group has given guarantees of HK$21,850,000 (2025: HK$178,200,000) 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.

The fair value of the guarantees is not significant and the directors of the Company consider that, in the case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the years ended 31 March 2026 and 2025 for the guarantees.

36. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 28 to the financial statements.

37. COMMITMENTS

(a) The Group had the following commitments at the end of the reporting period:

	2026	2025
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**149,487**	248,279

38. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions disclosed elsewhere in these financial statements, the Group had the following material related party transactions during the year:

	Note	**2026**	2025
		HK$'000	*HK$'000*
Construction and repair costs paid to related companies	*(i)*	**4,057**	150,583

Notes:

(i) 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 Company, Limited ("Chinney Construction") and Shun Cheong Building Services Limited ("Shun Cheong"), both being indirect wholly-owned subsidiaries of Chinney Alliance Group Limited ("Chinney Alliance"), pursuant to which Chinney Construction was appointed by Honour Well as the contractor for the builder's works at the contract sum 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 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. 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 the 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.

(b) Outstanding balances with a related party

As disclosed in note 25(c), the amounts due to the immediate holding company of HK$20,000,000 as at 31 March 2026 (2025: HK$42,000,000) are unsecured, interest-bearing at prevailing market rate and repayable on demand.

(c) Other transaction with a related party

The Group has guaranteed a banking facility made to a joint venture of up to HK$487,500,000 (2025: HK$487,500,000) as at the end of the reporting period, as further detailed in note 35(a) to the financial statements.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group

	2026	2025
	HK$'000	*HK$'000*
Short term employee benefits	**34,383**	39,297
Post-employment benefits	**1,233**	1,497
	35,616	40,794

Further details of directors' emoluments are included in note 8 to the financial statements.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows:

2026

Financial assets

	Financial asset at fair value through other comprehensive income	**Financial assets at fair value through profit or loss**	**Financial assets at amortised costs**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Trade receivables	**–**	**–**	**5,431**	**5,431**
Financial assets included in prepayments, deposits and other receivables	**–**	**–**	**323,798**	**323,798**
Financial assets at fair value through profit or loss	**–**	**5,860**	**–**	**5,860**
Financial assets at fair value through other comprehensive income	**39,197**	**–**	**–**	**39,197**
Amount due from a joint venture	**–**	**–**	**89,766**	**89,766**
Cash and cash equivalents	**–**	**–**	**764,229**	**764,229**
Total	**39,197**	**5,860**	**1,183,224**	**1,228,281**

39. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2025

Financial assets

	Financial asset at fair value through other comprehensive income *HK$'000*	Financial assets at fair value through profit or loss *HK$'000*	Financial assets at amortised costs *HK$'000*	Total *HK$'000*
Trade receivables	–	–	11,047	11,047
Financial assets included in prepayments, deposits and other receivables	–	–	322,877	322,877
Financial assets at fair value through profit or loss	–	7,247	–	7,247
Financial assets at fair value through other comprehensive income	37,790	–	–	37,790
Amount due from a joint venture	–	–	56,616	56,616
Cash and cash equivalents	–	–	1,043,470	1,043,470
Total	37,790	7,247	1,434,010	1,479,047

39. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2026

Financial liabilities

	Financial liabilities through at amortised profit or loss costs
	HK$'000
Financial liabilities included in trade payables, other payables and accrued liabilities	**101,220**
Lease liabilities	**33,236**
Interest-bearing bank borrowings	**5,948,003**
Customer deposits	**88,329**
Total	**6,170,788**

2025

Financial liabilities

	Financial liabilities at fair value	Financial liabilities through at amortised profit or loss costs	Total
	HK$'000	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables, other payables and accrued liabilities	–	249,702	249,702
Derivative financial instruments	1,435	–	1,435
Lease liabilities	–	28,416	28,416
Interest-bearing bank borrowings	–	6,315,565	6,315,565
Customer deposits	–	74,932	74,932
Total	1,435	6,668,615	6,670,050

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, amount due from a joint venture, customer deposits, financial liabilities included in trade payables, other payables and accrued liabilities and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the financial director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2026 was assessed to be insignificant.

The fair values of unlisted equity investments designated at fair value through other comprehensive income has been estimated on the basis of the investee's financial position and results and has been determined by using the going concern asset-based approach as the valuation technique. Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

The fair value of key management insurance contracts classified as financial assets at fair value through profit or loss is based on the account value less surrender charge, as quoted by the vendor. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, were the most appropriate values at the end of the reporting period. The fair values of listed equity investments classified as financial assets at fair value through profit or loss are based on quoted market prices. The fair values of other unlisted investments classified as financial assets at fair value through profit or loss represent convertible loans issued by a private company in the BVI. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 March 2026:

	Valuation techniques	Significant unobservable inputs	Value	Sensitivity of fair value to the input
Key management insurance contracts classified as financial assets at fair value through profit or loss	N/A	Account values	HK$4,671,000 (2025: HK$4,671,000)	5% (2025: 5%) increase/ (decrease) in account values would result in increase/ (decrease) in fair value by HK$233,000 (2025: HK$233,000)
		Surrender charge	HK$936,000 (2025: HK$936,000)	5% (2025: 5%) increase/ (decrease) in surrender charge would result in (decrease)/ increase in fair value by HK$47,000 (2025: HK$47,000)

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 March 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets at fair value through other comprehensive income	**–**	**–**	**39,197**	**39,197**
Financial assets at fair value through profit or loss	**2,125**	**–**	**3,735**	**5,860**
Total	**2,125**	**–**	**42,932**	**45,057**

As at 31 March 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income	–	–	37,790	37,790
Financial assets at fair value through profit or loss	3,512	–	3,735	7,247
Total	3,512	–	41,525	45,037

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value

As at 31 March 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Derivative financial instruments	–	1,435	–	1,435

The movements in fair value measurement within Level 3 during the year are as follows:

	2026	2025
	HK$'000	*HK$'000*
At beginning of year	**41,525**	84,997
Disposal	**(195)**	(19,884)
Total losses recognised in other comprehensive income	**–**	(19,368)
Exchange realignment	**1,602**	(4,220)
At end of year	**42,932**	41,525

As at 31 March 2026, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings (non-current portion) of HK$3,659,843,000 (2025: HK$5,779,610,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are unobservable (Level 3).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities of the Group (2025: Nil).

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses of operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future as may be necessary.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rate at the end of the reporting period with all other variables held constant, of the Group's profit after tax and the Group's equity (due to changes in the fair value of monetary assets and liabilities).

	Change in exchange rate	**Increase/ (decrease) in profit after tax and equity**
	%	***HK$'000***
2026		
If the Hong Kong dollar weakens against RMB	**5**	**(17)**
If the Hong Kong dollar strengthens against RMB	**5**	**17**

	Change in exchange rate	Increase/ (decrease) in profit after tax and equity
	%	*HK$'000*
2025		
If the Hong Kong dollar weakens against RMB	5	(157)
If the Hong Kong dollar strengthens against RMB	5	157

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 28 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of the reporting period, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings and after the effect of interest being capitalised under property development projects of HK$29,761,000 (2025: HK$92,108,000)).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax and equity** *HK$'000*
2026		
Hong Kong dollar	**100**	**(31,352)**
RMB	**50**	**(8,499)**
Japanese Yen	**50**	**(965)**
Hong Kong dollar	**(100)**	**31,352**
RMB	**(50)**	**8,499**
Japanese Yen	**(50)**	**965**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2025		
Hong Kong dollar	100	(33,659)
RMB	50	(6,002)
Japanese Yen	50	(1,007)
Hong Kong dollar	(100)	33,659
RMB	(50)	6,002
Japanese Yen	(50)	1,007

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Trade receivables	–	–	–	5,431	5,431
Financial assets included in prepayments, deposits and other receivables					
– Normal*	323,798	–	–	–	323,798
Amount due from a joint venture	89,766	–	–	–	89,766
Cash and cash equivalents	764,229	–	–	–	764,229
Total	1,177,793	–	–	5,431	1,183,224

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 March 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	–	–	–	11,047	11,047
Financial assets included in prepayments, deposits and other receivables					
– Normal*	322,877	–	–	–	322,877
Amount due from a joint venture	56,616	–	–	–	56,616
Cash and cash equivalents	1,043,470	–	–	–	1,043,470
Total	1,422,963	–	–	11,047	1,434,010

* *The credit quality of the financial assets included in prepayments, deposits and other receivables are considered as "normal" when they are not past due and there is no information indicating that the financial assets have significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as "doubtful".*

Guarantees given to a bank in connection with a facility granted to a joint venture with an amount utilised of HK$269,650,000 (2025: HK$237,500,000) as disclosed in note 35(a) to the financial statements is not yet past due and there is no information indicating default and, hence, it is classified under stage 1 for the measurement of ECLs.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund-raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 38% (2025: 9%) of the Group's debts, which comprise interest-bearing bank borrowings and lease liabilities, would mature in less than one year as at 31 March 2026 based on the carrying value of the debts reflected in the financial statements. Based on the maturity dates as set out in the loan agreements, 38% (2025: 9%) of the Group's debts would mature in less than one year.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2026				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables, other payables and accrued liabilities	**20,000**	**81,220**	**–**	**–**	**101,220**
Lease liabilities	**–**	**20,704**	**13,883**	**960**	**35,547**
Interest-bearing bank borrowings	**–**	**2,532,289**	**3,059,729**	**819,003**	**6,411,021**
Customer deposits	**88,329**	**–**	**–**	**–**	**88,329**
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	**21,850**	**–**	**–**	**–**	**21,850**
Guarantees given to a bank in connection with a facility granted to a joint venture	**269,650**	**–**	**–**	**–**	**269,650**
Total	**399,829**	**2,634,213**	**3,073,612**	**819,963**	**6,927,617**

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows: *(Continued)*

	2025				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables, other payables and accrued liabilities	42,000	207,702	–	–	249,702
Lease liabilities	–	18,330	9,631	2,363	30,324
Interest-bearing bank borrowings	–	884,264	2,476,118	3,744,534	7,104,916
Customer deposits	74,932	–	–	–	74,932
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	178,200	–	–	–	178,200
Guarantees given to a bank in connection with a facility granted to a joint venture	237,500	–	–	–	237,500
Total	532,632	1,110,296	2,485,749	3,746,897	7,875,574

In accordance with the terms of the loans, the contractual undiscounted payments at 31 March 2026 for the interest-bearing bank borrowings in respect of the Group are HK$2,532,289,000 (2025: HK$884,264,000) payable within one year, HK$3,059,729,000 (2025: HK$2,476,118,000) payable in the second year, and HK$819,003,000 (2025: HK$3,744,534,000) payable beyond two years.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 2025.

The Group monitors capital using a gearing ratio, which is net interest-bearing debt divided by the equity attributable to owners of the Company plus non-controlling interests. Net interest-bearing debt includes interest-bearing bank borrowings and lease liabilities less cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	31 March 2026 *HK$'000*	31 March 2025 *HK$'000*
Interest-bearing bank borrowings	**5,948,003**	6,315,565
Lease liabilities	**33,236**	28,416
Less: Cash and cash equivalents	**(764,229)**	(1,043,470)
Net interest-bearing debt	**5,217,010**	5,300,511
Equity attributable to owners of the Company	**10,346,959**	10,526,568
Non-controlling interests	**387,199**	356,090
Total equity	**10,734,158**	10,882,658
Gearing ratio	**48.6%**	48.7%

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2026	2025
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**10,004**	16,310
Investments in subsidiaries	**1**	1
Total non-current assets	**10,005**	16,311
CURRENT ASSETS		
Amounts due from subsidiaries	**3,062,226**	3,323,678
Prepayments, deposits and other receivables	**73,939**	57,617
Financial assets at fair value through profit or loss	**5,860**	7,247
Time deposits	**10,000**	20,216
Cash and bank balances	**64,252**	39,495
Total current assets	**3,216,277**	3,448,253

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2026	2025
	HK$'000	*HK$'000*
CURRENT LIABILITIES		
Amounts due to subsidiaries	**1,599,210**	1,601,648
Trade payables, other payables and accrued liabilities	**25,158**	50,354
Interest-bearing bank borrowing	**–**	22,000
Lease liabilities	**5,895**	5,615
Total current liabilities	**1,630,263**	1,679,617
NET CURRENT ASSETS	**1,586,014**	1,768,636
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,596,019**	1,784,947
NON-CURRENT LIABILITIES		
Lease liabilities	**2,251**	8,147
Interest-bearing bank borrowing	**–**	187,000
Total non-current liabilities	**2,251**	195,147
Net assets	**1,593,768**	1,589,800
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,519,301**	1,519,301
Reserves *(note)*	**74,467**	70,499
Total equity	**1,593,768**	1,589,800

James Sing-Wai Wong
Director

Donald Yin-Shing Lam
Director

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve *HK$'000*	Retained profits *HK$'000*	Total reserves *HK$'000*
At 1 April 2024	647	134,247	134,894
Total comprehensive loss for the year	–	(19,368)	(19,368)
Final 2024 dividend declared	–	(45,027)	(45,027)
At 31 March 2025 and 1 April 2025	647	69,852	70,499
Total comprehensive income for the year	–	25,581	25,581
Final 2025 dividend declared	–	(21,613)	(21,613)
At 31 March 2026	**647**	**73,820**	**74,467**

43. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there were updates on the disposal transactions of the Group's hotel properties located in Japan:

(a) Completion of Disposal of the Osaka Property

On 22 May 2026, the Group completed the disposal of the Osaka Property to an independent third party at a total consideration of approximately JPY1,542,000,000 (equivalent to HK$77,100,000). Upon the completion, the Group ceased to hold any interest in the Osaka Property. The transaction resulted in a gain on disposal of approximately HK$1,664,000 (before any related tax and transaction costs), which will be recognised in the Group's consolidated statement of profit or loss for the year ending 31 March 2027.

(b) Disposal of the Tokyo Property

On 6 April 2026, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Tokyo Property (which was included in assets held for sale as at 31 March 2026) for a total consideration of approximately JPY2,722,500,000 (equivalent to HK$133,402,500). As at the date of approval of these consolidated financial statements, the disposal of the Tokyo Property has not yet been completed.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 June 2026.

FIVE-YEAR SUMMARIES

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**832,126**	1,012,714	1,086,515	1,049,421	1,106,278
PROFIT/(LOSS) FOR THE YEAR	**(509,535)**	(609,029)	25,927	156,392	91,763
Profit/(loss) attributable to:					
Owners of the Company	**(527,368)**	(675,309)	4,573	153,423	91,693
Non-controlling interests	**17,833**	66,280	21,354	2,969	70
	(509,535)	(609,029)	25,927	156,392	91,763

	As at 31 March				
	2026	2025	2024	2023	2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**18,248,387**	18,932,835	19,400,857	20,169,122	20,538,520
TOTAL LIABILITIES	**(7,514,229)**	(8,050,177)	(8,067,988)	(8,292,605)	(8,025,413)
NET ASSETS	**10,734,158**	10,882,658	11,332,869	11,876,517	12,513,107
NON-CONTROLLING INTERESTS	**(387,199)**	(356,090)	(272,968)	(213,388)	(248,917)
SHAREHOLDERS' FUNDS	**10,346,959**	10,526,568	11,059,901	11,663,129	12,264,190

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

Location	Use	Site area (sq.m./sq.ft.)	Gross floor area (sq.m./sq.ft.)	Development progress (up to 29 June 2026)	Estimated completion date	Attributable interest of the Group (%)
HONG KONG						
1. Rural Building Lot No. 1203 South Bay Road, Repulse Bay	Residential	21,173 sq.ft.	19,055 sq.ft.	Foundation works in progress	2028	50
2. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP II – COMPLETED PROPERTIES

Location	Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
CHINESE MAINLAND					
3. The Riverside (港匯臺) 11 and 13 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Residential	74 residential units	8,543 sq.m. (91,923 sq.ft.)	228	100
4. Ganghui Huating (港匯華庭) 5 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial	4-storey of commercial podium	4,157 sq.m. (44,729 sq.ft.)	71	100
5. The Botanica (寶翠園) Tian He District Guangzhou Guangdong Province	Commercial	8 retail shops	2,376 sq.m. (25,566 sq.ft.)	1,300	60
6. Enterprise Square (僑城坊) Qiaoxiang Road North Nanshan District Shenzhen Guangdong Province	Composite	302 apartment units	34,974 sq.m. (376,320 sq.ft.)	–	20

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP III – PROPERTIES HELD FOR INVESTMENT

	Location	Use	Gross floor area (sq.m./sq.ft.)	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group (%)
	CHINESE MAINLAND					
7.	City Square (城市天地廣場) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium	23,331 sq.m. (251,042 sq.ft.)	–	Medium term lease	100
8.	City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,725 sq.ft.)	64 apartment units	Medium term lease	100
9.	Hon Kwok City Commercial Centre (漢國城市商業中心) Junction of Shen Nan Zhong Road and Fu Ming Road Fu Tian District Shenzhen Guangdong Province	Commercial/ Office	127,987 sq.m. (1,377,140 sq.ft.)	–	Medium term lease	100
10.	Chongqing Hon Kwok Centre (重慶漢國中心) 85 Jinyu Avenue Liangjiang New Area Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	100
11.	Chongqing Jinshan Shangye Zhongxin (重慶金山商業中心) 2 Saidi Road Liangjiang New Area Chongqing	Commercial/ Office/Hotel	173,909 sq.m. (1,871,261 sq.ft.)	300 hotel rooms	Medium term lease	100
12.	Hon Kwok Building (漢國大廈) 15 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	31,366 sq.m. (337,498 sq.ft.)	–	Medium term lease	100

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP III – PROPERTIES HELD FOR INVESTMENT *(Continued)*

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
CHINESE MAINLAND					
13. Ganghui Dasha (港匯大廈) 3 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	13,053 sq.m. (140,450 sq.ft.)	–	Medium term lease	100
14. Block C, Tung Hing Fong (同慶坊C棟) 9 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial	5,045 sq.m. (54,284 sq.ft.)	–	Medium term lease	100
15. 38/F, Tower A Center Plaza (中泰國際廣場) No. 161 Lin He Xi Road Tian He District Guangzhou Guangdong Province	Office	1,596 sq.m. (17,173 sq.ft.)	–	Medium term lease	100
16. Enterprise Square (僑城坊) Qiaoxiang Road North Nanshan District Shenzhen Guangdong Province	Commercial/ Office	74,478 sq.m. (801,383 sq.ft.)	–	Medium term lease	20
HONG KONG					
17. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
18. The Bauhinia Hotel (Central) (寶軒酒店(中環))/ The Bauhinia Serviced Apartment (寶軒服務式住宅) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central	Hotel/ Commercial/ Serviced apartments	123,077 sq.ft.	112 apartment units and 44 hotel rooms	Long term lease	100

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP III – PROPERTIES HELD FOR INVESTMENT *(Continued)*

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
HONG KONG					
19. Digital Realty Kin Chuen (HKG11) 11 Kin Chuen Street Kwai Chung New Territories	Data centre	228,035 sq.ft.	–	Medium term lease	100
JAPAN					
20. R Hotel Namba South Osaka 1 Chome-4-2 Asahi, Nishinari Ward Osaka	Hotel	1,808 sq.m. (19,454 sq.ft.)	80 hotel rooms	Freehold	60
21. R Hotel Kansai Airport Osaka 5-3 Wakamiyacho Izumisano Osaka	Hotel	872 sq.m. (9,383 sq.ft.)	48 hotel rooms	Freehold	60
22. R Hotel Namba Daikokucho Osaka 2 Chome-5-18 Shikitsuhigashi Naniwa Ward Osaka	Hotel	1,042 sq.m. (11,212 sq.ft.)	48 hotel rooms	Freehold	60
23. R Hotel Ave Tennoji Osaka 119-6 Hidenincho, Tennoji Ward Osaka	Hotel	1,569 sq.m. (16,882 sq.ft.)	57 hotel rooms and 30 capsules	Freehold	51
24. Private Villa Gushikumui 1417 and 1420 Yamazato, Motobu, Kunigami District Okinawa	Hotel	1,316 sq.m. (14,160 sq.ft.)	15 villas and an adjacent land	Freehold	60

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP IV – ASSETS HELD FOR SALE

Location		Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
JAPAN						
25.	R Hotel Honmachi Osaka 1 Chome-7-15 Bakuromachi, Chuo Ward Osaka	Hotel	1,017 sq.m. (10,943 sq.ft.)	55 hotel rooms	Freehold	60
26.	Lightning Hotel Asakusa Tokyo 1 Chome-8-6 Kaminarimon Taito City Tokyo	Hotel	1,316 sq.m. (14,160 sq.ft.)	147 capsules and 5 hotel rooms	Freehold	60

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

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

"Articles of Association"	articles of association of the Company, as amended from time to time
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code, as set out in Appendix C1 to the Listing Rules
"Chinney Alliance Group"	Chinney Alliance Group Limited (建聯集團有限公司*), a company incorporated in Bermuda with limited liability, a 29.1%-owned associate of Chinney Investments, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 385)
"Chinney Capital"	Chinney Capital Limited (建業金融投資有限公司), a company incorporated in Hong Kong with limited liability and is a shareholder of the Company
"Chinney Construction"	Chinney Construction Company, Limited (建業建築有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Chinney Alliance Group
"Chinney Holdings"	Chinney Holdings Limited (建業發展(集團)有限公司), a company incorporated in Hong Kong with limited liability and is a substantial shareholder of the Company
"Chinney Investments"	Chinney Investments, Limited (建業實業有限公司), a company incorporated in Hong Kong with limited liability, and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 216), and is the holding company of the Company
"Chinney Kin Wing"	Chinney Kin Wing Holdings Limited (建業建榮控股有限公司*), a company incorporated in Bermuda with limited liability, a 74.5%-owned subsidiary of Chinney Alliance Group, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1556)
"close associates"	has the same meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
"Company"/"Hon Kwok Land"	Hon Kwok Land Investment Company, Limited (漢國置業有限公司), a company incorporated in Hong Kong with limited liability, the issued Shares are listed on the Main Board of the Stock Exchange (stock code: 160)

"controlling shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Dividend Policy"	the dividend policy adopted by the Company, as amended from time to time
"Dr. Wong"	Dr. James Sai-Wing Wong, the Founding Chairman of the Company
"ESG"	Environmental, Social and Governance
"Gold Famous"	Gold Famous Development Limited (金譽發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Group"/"Hon Kwok Group"	the Company and its subsidiaries
"HK$"/"HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Honour Well"	Honour Well Development Limited (漢匯發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"JPY"	Japanese Yen, the lawful currency of Japan
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Lucky Year"	Lucky Year Finance Limited, a company incorporated in BVI with limited liability and is a substantial shareholder of the Company
"Madam Wong"	Madam Madeline May-Lung Wong Cha being the executor of the estate of late Dr. Wong, a substantial shareholder of the Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules
"PRC"/"Chinese mainland"/ "Chinese Mainland"	the People's Republic of China which, for the purpose of this report only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of The People's Republic of China

"SFC"	Hong Kong Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
"Share(s)"	ordinary share(s) of the Company
"Shun Cheong"	Shun Cheong Building Services Limited (順昌樓宇設施有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Chinney Alliance Group
"sq.ft."	square feet
"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules
"United States" or "USA"	United States of America
"USD"/"US$"	United States Dollar, the lawful currency of the United States and its territories
"%"	per cent.

* *For identification purpose only*

CORPORATE INFORMATION

DIRECTORS

James Sing-Wai Wong *(Chairman)*
Donald Yin-Shing Lam *(Managing Director)*
Emily Yen Wong
Philip Bing-Lun Lam
Janie Fong*
James C. Chen*
Rui-Hua Chang*

* *Independent Non-Executive Directors*

AUDIT COMMITTEE

James C. Chen *(Chairman)*
Janie Fong
Rui-Hua Chang

REMUNERATION COMMITTEE

Rui-Hua Chang *(Chairman)*
Janie Fong
James C. Chen
James Sing-Wai Wong
Philip Bing-Lun Lam

NOMINATION COMMITTEE

Janie Fong *(Chairman)*
James C. Chen
Rui-Hua Chang
James Sing-Wai Wong
Emily Yen Wong

COMPANY SECRETARY

Ka-Yee Wan

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
The Bank of East Asia, Limited
Chong Hing Bank Limited
Dah Sing Bank, Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Commercial Bank Limited

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Registered Public Interest Entity Auditor
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