Hon Kwok Land Investment Company, Limited

Stock Code: 160

Annual Report 2022/23

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Cover Photo:
architectural perspective of the renewed Bauhinia (Central), 119-121 Connaught Road Central

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
James Sing-Wai Wong
Xiao-Ping Li
Philip Bing-Lun Lam
Janie Fong*
David Tak-Wai Ma*
James C. Chen*

* *Independent non-executive directors*

AUDIT COMMITTEE

James C. Chen *(Chairman)*
Janie Fong
David Tak-Wai Ma

REMUNERATION COMMITTEE

David Tak-Wai Ma *(Chairman)*
Philip Bing-Lun Lam
Janie Fong

NOMINATION COMMITTEE

Janie Fong *(Chairman)*
David Tak-Wai Ma
James C. Chen
James Sing-Wai Wong
Philip Bing-Lun Lam

COMPANY SECRETARY

Ka-Yee Wan

PRINCIPAL BANKERS

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

REGISTRAR

Tricor Tengis Limited
17th Floor
Far East Finance Centre
No.16 Harcourt Road
Hong Kong

REGISTERED OFFICE

23rd Floor
Wing On Centre
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Hong Kong

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STOCK CODE

SEHK 160

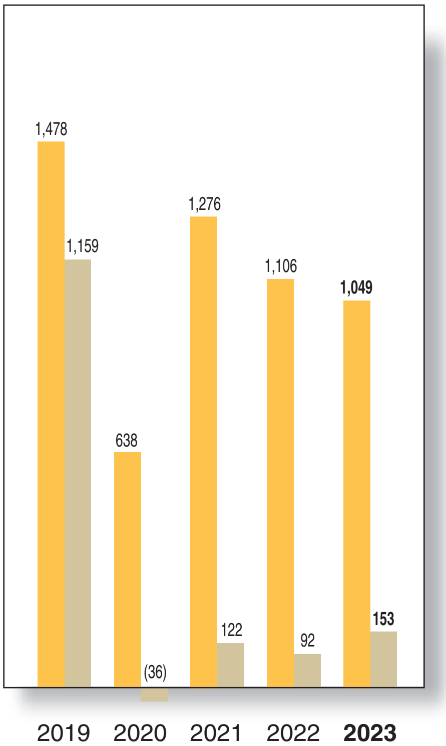
WEBSITE

http://www.honkwok.com.hk

FINANCIAL HIGHLIGHTS

Revenue/
Net Profit/(Loss)

HK$ Million



Revenue

Net profit/(loss) attributable to shareholders

Shareholders' Funds/Net Assets per Share

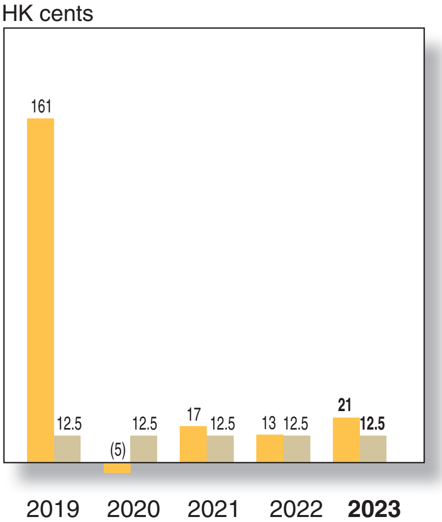
HK$ Million/HK$

Shareholders' funds

Net assets per share (HK$)

Earnings/(Loss)/
Dividend per Share

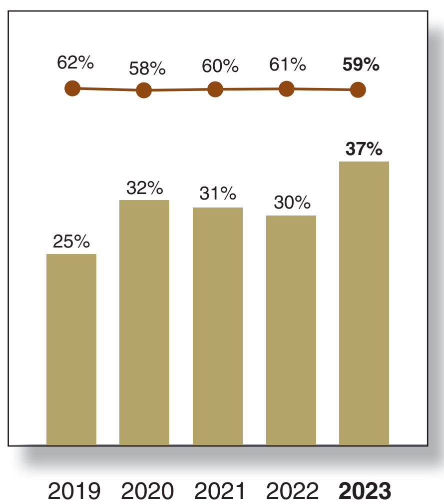
HK cents



Earnings/(loss) per share

Dividend per share

Gearing/Equity Funding



Gearing ratio (*)

% of total assets financed by equity

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

LOCATION OF PROPERTY PROJECTS IN MAINLAND CHINA

Projects under Development

1 Development site at 45-65 Beijing Nan Road
2 Development site at 67-107 Beijing Nan Road

Completed Projects

3 Millennium Oasis 城市綠洲花園Phase I [2001], Phases II & III [2002]
4 City Square 城市天地廣場[2005]
5 Chongqing Hon Kwok Centre 重慶漢國中心[2009], held as investment property
6 No. 5 Residence 北京路5號公館[2009]
7 Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心[2016], held as investment property
8 Botanica 寶翠園[2016]
9 Hon Kwok City Commercial Centre 漢國城市商業中心[2018], held as investment property
10 Enterprise Square 僑城坊[2018]
11 Metropolitan Oasis 雅瑤綠洲, Nanhai [2020] (not shown above)

Hotel/Serviced Apartments

12 City Suites 寶軒公寓, held as investment property
13 The Bauhinia Hotel (Shenzhen) 寶軒酒店（深圳）, held as investment property

Acquired Property

14 Ganghui Dasha 港滙大廈, held as investment property

FINANCIAL RESULTS

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

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

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

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

BUSINESS REVIEW

Property Development and Investment – Mainland China

Guangzhou, PRC

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

Beijing Nan Road project – current development site

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

Beijing Nan Road project – architect perspective

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

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Nanhai, Foshan, PRC

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

Shenzhen, PRC

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

Hon Kwok City Commercial Centre

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Shenzhen, PRC *(Continued)*

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

Enterprise Square

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

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Chongqing, PRC

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

Chongqing Hon Kwok Centre

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

Chongqing Jinshan Shangye Zhongxin

Property Development and Investment – Hong Kong

Digital Realty Kin Chuen (HKG11)

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

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Hong Kong *(Continued)*

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

The Bauhinia Hotel (Central) – Hotel / Serviced apartment current development site and architect perspective

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Hong Kong *(Continued)*

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

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

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

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

Property and carpark management

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

Property Investment – Valuation

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

OUTLOOK

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

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

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

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

James Sai-Wing Wong
Chairman

Hong Kong, 29 June 2023

DIRECTORS

James Sai-Wing Wong

Aged 85, was appointed as the Managing Director of the Company in 1985 and became the Chairman in 1990. James Sai-Wing Wong ("Dr. Wong") is the Chairman of Chinney Investments, Limited ("Chinney Investments") (Stock Code: 216), a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), all being substantial shareholders of the Company, and a director of Chinney Capital Limited ("Chinney Capital") which is a shareholder of the Company. He was the Chairman of Chinney Alliance Group Limited ("Chinney Alliance") (Stock Code: 385) until he retired in June 2023, and was re-designated as Founding Chairman of Chinney Alliance since then. Both Chinney Investments and Chinney Alliance are listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He was appointed a Justice of the Peace for Hong Kong in 1987.

James Sing-Wai Wong

Aged 59, an executive director of the Company. He was first appointed as a non-executive director of the Company in August 2017 and subsequently re-designated as an executive director of the Company in July 2018. 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 San Francisco, Hastings College of 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 of America ("United States" or "USA" or "U.S."), Canada, the United Kingdom, and the Mainland China.

Mr. Wong is 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 and an executive director of Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock Code: 1556). Chinney Investments, Chinney Alliance and Chinney Kin Wing are all listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He is the son of Dr. Wong who is the Chairman and a substantial shareholder of the Company.

Xiao-Ping Li

Aged 71, joined the Group in 1999 and was appointed as an executive director of the Company in 2009. He is also a director of certain subsidiaries of the Company. He has over 40 years of experience in economics and management in China. He has obtained a senior economist qualification certificate of China. He is a member of the Plant Maintenance Association of Chinese Mechanical Engineering Society.

DIRECTORS *(Continued)*

Philip Bing-Lun Lam

Aged 80, was appointed as an executive director of the Company in April 2019. Mr. Lam began his career in 1963 with Hang Seng Bank Limited for eleven years, and then joined the University of Hong Kong ("HKU") in 1975 as an Assistant Finance Director. He then worked as the Chief Accountant and Comptroller in Overseas Bank (Canada) in Vancouver for three years from 1982 to 1985. In December 1985, Mr. Lam re-joined HKU and had served as the Director of Finance from 1990 until his retirement on 30 June 2012. He was then asked by the Vice-Chancellor of HKU to be his Senior Advisor for financial, investment and fund-raising matters until June 2014, and had been the Honorary Advisor to the Chairman of The University of Hong Kong Foundation for Educational Development and Research until end of 2019. Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1974. He is a fellow of The Chartered Institute of Management Accountants (UK), the Hong Kong Institute of Certified Public Accountants and an associate of The Certified Management Accountants (Canada), 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 had served as a member on the Board of Review (Inland Revenue Ordinance) Hong Kong for three years from 1995 to 1998. He had been a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital from early 1990s until his retirement in June 2012. Currently he is a member of the Board of Governors of the Canadian International School of Hong Kong. Mr. Lam is an executive director of Chinney Alliance and Chinney Kin Wing, both companies are listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He had been an independent non-executive director of Oriental University City Holdings (H.K.) Limited (Stock Code: 8067) from December 2014 to December 2021, which is listed on the GEM of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Janie Fong

Aged 56, was appointed as an independent non-executive director of the Company in May 2019. She is also the Chairman of the Nomination Committee of the Company. Ms. Fong is the Senior Managing Director of East West Bank, where she has worked since 2007. California-based East West Bank is a wholly-owned subsidiary of East West Bancorp, Inc., a publicly owned company in the U.S.. From 2000 to 2004, Ms. Fong was appointed by the California Governor to represent the State of California in Asia. Through her former post as California's Chief Representative, Ms. Fong was responsible for creating new economic, trade, and diplomatic ties between Greater China and the U.S.. Ms. Fong served on the Commission on Strategic Development of Hong Kong from 2005 to 2007. Ms. Fong has served as an independent non-executive director of a Hong Kong listed company in years prior and is a member of the Harvard Kennedy School of Government's Women's Leadership Board (WLB). She is an Advisory Committee Member of ChinaSF, a former Member of the Board of Governors of the Hong Kong-America Fulbright Center, and is an Executive Committee member of The Hong Kong Tianjin Business and Professional Women Association. Ms. Fong practiced law as a licensed California attorney specializing in U.S.- Asia international business transactions and worked as an executive of Silicon Valley start-up companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

David Tak-Wai Ma

Aged 65, was appointed as an independent non-executive director of the Company in August 2019. He is also the Chairman of the Remuneration Committee of the Company. He is in real estate and capital market advisory business in Hong Kong, the greater China and Japan since 2016. Previously in 2000, Mr. Ma joined the Group and its affiliated company and then he acted as the deputy general manager of Hon Kwok Land Investment (China) Limited and director and general manager of Hon Kwok Project Management Limited until 2015, both companies are wholly owned subsidiaries of the Company. During Mr. Ma's tenure with the Group, he was actively involved in a joint-venture project with investment banks and investment funds in the Group's residential development project in Guangzhou. He was also instrumental to lead the Company's affiliated company to co-invest as limited partner in an investment project of LaSalle Investment Management Limited in Hangzhou. In addition, Mr. Ma successfully advised Grosvenor Asia Pacific in closing a luxury residential project (Chateau Pinnacle) in Shanghai for over RMB2 billion in 2009. Prior to joining the Group and its affiliated company, Mr. Ma has diverse business experiences in the regions of the Pacific Basin and the United States and has been intimately involved in hotel, food and beverage, shipping and real estate sectors from early 1980s. Mr. Ma held various senior positions in sizeable enterprises namely Miramar Hotel Group and Island Navigation Inc. (C.Y. Tung Group) in the 1980s' and was a director of investment at Associated Investment Ltd., the real estate arm of Taiwan Chinese Maritime Transport founded by the late C.Y. Tung, in which Mr. Ma was responsible for new investments in Greater China, Asia Pacific and the United States in the 1990s'.

Mr. Ma is a permanent honorary Premier of Hong Kong South China Athletic Association (SCAA). He was also a member of Hong Kong Rotary Club Admiralty Chapter.

He was raised in both Hong Kong and the United States and obtained his Bachelor of Business Administration's degree from university in the United States.

James C. Chen

Aged 73, was appointed as an independent non-executive director of the Company in August 2021. He is also the Chairman of the Audit Committee of the Company. He has over 40 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in USA and Hong Kong and is responsible for the overall management and strategic planning. 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. Before he joined the Company, Mr. Chen was an independent non-executive director, the chairman of audit committee and a member of remuneration committee of Chinney Investments.

SENIOR MANAGEMENT

Kai-Nor Siu

Aged 57, was appointed as the Director of Finance of the Company in May 2018. She is also the Financial Controller of Chinney Investments and the director of certain subsidiaries of the Company. She has over 30 years of experience in the accounting field. She holds a bachelor's degree in Accountancy from The City University of Hong Kong and is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

Ka-Yee Wan

Aged 49, was appointed as the Company Secretary of the Company in May 2018. She is also the Company Secretary of Chinney Investments. She has over 20 years of experience in company secretarial and corporate governance practices. Ms. Wan has obtained a Bachelor of Arts degree from The Chinese University of Hong Kong and a postgraduate diploma in corporate administration from The City University of Hong Kong. She is an associate member of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).

Calvin Ming-Yui Ng

Aged 51, joined the Company in 2009 and is currently the Director – Corporate Finance & Business Development of the Company and of Chinney Investments. He is also a director of certain subsidiaries of the Company. He has over 25 years of experience in investment banking and accounting sectors. He graduated from HKU with a Bachelor of Business Administration degree and obtained a Master of Science (Financial Management) degree from the University of London. He is a member of The Hong Kong Institute of Certified Public Accountants.

Chi-Cheung Chan

Aged 63, joined the Company in May 2019 and is the General Manager – Operations of the Company. He is also a director of certain subsidiaries of the Company. He has over 40 years of experience in banking and international business operations. Prior to joining the Company, he has worked as the Director and General Manager – Operations of Jacobson van den Berg (Hong Kong) Limited which is a major subsidiary of Chinney Alliance for over 30 years. He has obtained a bachelor's degree of Business Administration from Thames Valley University (now known as University of West London), United Kingdom, a master's degree of Business Administration, and a master's degree of Professional Accounting from The Open University of Hong Kong (now known as Hong Kong Metropolitan University). He is a member of the Hong Kong Logistics Association.

Stephen Chun-Piu Lee

Aged 56, joined the Company in 1990 and is the Director – Property of the Company in charge of investment properties in Hong Kong. He is also a director of certain subsidiaries of the Company. He has over 30 years of experience in property investment and development.

The board of directors of the Company (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 Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year under review, except for the deviations as disclosed in this report.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

Executive Directors

Dr. Wong *(Chairman)*
James Sing-Wai Wong
Xiao-Ping Li
Philip Bing-Lun Lam

Independent Non-Executive Directors

Janie Fong
David Tak-Wai Ma
James C. Chen

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 13 to 16 of this annual report.

BOARD OF DIRECTORS *(Continued)*

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 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 is the son of Dr. Wong.

BOARD INDEPENDENCE

The Group has established 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) All independent non-executive directors of the Company 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 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 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 CG Code requires that the roles of Chairman and Chief Executive be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the Chairman and the management executives.

Dr. Wong, Chairman of the Company, who is responsible for overseeing the function of the Board and formulating overall strategies and organizing the implementation structure for the Company.

Executive directors as a whole hold the top management of the Group making major corporate decisions, and managing the overall business operations.

The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

NOMINATION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

The nomination, appointment and re-election of the directors of the Company are governed by the articles of association of the Company (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.

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

The Chairman will not be subject to retirement by rotation; which deviates from CG Code provision B.2.2, 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 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 104 of the Articles of Association, James Sing-Wai Wong and David Tak-Wai Ma shall retire by rotation at the forthcoming annual general meeting. James Sing-Wai Wong and David Tak-Wai Ma, 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.

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 2023 is summarised as follows:

Name of director	Type of training
Executive Directors	
Dr. Wong	B
James Sing-Wai Wong	A, B
Xiao-Ping Li	A, B
Philip Bing-Lun Lam	A, B
Independent Non-Executive Directors	
Janie Fong	A, B
David Tak-Wai Ma	A, B
James C. Chen	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 two independent non-executive directors, namely David Tak-Wai Ma and Janie Fong, and one executive director, namely Philip Bing-Lun Lam. The Chairman of the Remuneration Committee is David Tak-Wai Ma.

CG Code provision E.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee reviews and makes recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

During the year under review, the Remuneration Committee held one meeting, during which the existing remuneration of all directors have been reviewed individually.

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 for each financial year.

- no individual is involved in determining his or her own remuneration.

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, namely James C. Chen, Janie Fong and David Tak-Wai Ma and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is James C. Chen. 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.

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, David Tak-Wai Ma and James C. Chen and two executive directors, namely James Sing-Wai Wong and Philip Bing-Lun Lam. The Chairman of the Nomination Committee is Janie Fong.

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, Nomination Committee held two meetings. The major works performed by the Nomination Committee during the year included assessing the independence of independent non-executive directors of the Company, making recommendation to the Board on the retiring directors' eligibility for re-election at the annual general meeting and discussing the succession planning of the Board. It 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. The Board also recognised that the board diversity could be further enhanced in the area of gender and would continue to take initiatives to identify suitable candidates to strengthen the Board diversity and targeted to at least maintain the current level of female representation of the Board.

To identify potential successors to the Board to maintain the board diversity, the Company would search via internal resources and may engage professional search firm as and when required.

DIVERSITY OF THE BOARD AND OF THE WORKFORCE *(Continued)*

Gender

Female	Male
1 director	6 directors

Age Group

50-59	60-69	70-79	80 or above
2 directors	1 director	2 directors	2 directors

Length of services with Board

5 years or below	6 to 10 years	11 to 20 years	over 20 years
4 directors	1 director	1 director	1 director

Capacity

Executive Director	Independent Non-Executive Director
4 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 2023, the workforce (including senior management) are approximately in the 1:0.76 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 2023					
	Board Meetings	Remuneration Committee Meeting	Audit Committee Meetings	Nomination Committee Meetings	Annual General Meeting held on 1 September 2022	Extraordinary General Meeting held on 28 November 2022
Number of meeting(s) held during the year ended 31 March 2023	4	1	2	2	1	1
Dr. Wong	0	N/A	N/A	N/A	0	0*
James Sing-Wai Wong	3	N/A	N/A	2	1	0*
Xiao-Ping Li	3	N/A	N/A	N/A	0	0
Philip Bing-Lun Lam	4	1	2	2	1	1
Janie Fong	4	1	2	2	1	1
David Tak-Wai Ma	4	1	2	2	1	1
James C. Chen	3	N/A	2	2	1	1

* Dr. Wong did not attend the said meeting as he together with his associates were materially interested in the resolution put forward at the meeting and be required to abstain from voting. James Sing-Wai Wong, being the son of Dr. Wong, did not attend the said meeting voluntarily for the purpose of good corporate governance.

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	3,048
Non-audit services (tax compliance services and other services)	310
	3,358

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 45 to 50 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

During the year, there is no change in the Company's constitutional documents.

DIVIDEND POLICY

The Company has adopted a dividend policy (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 extraordinary general meeting on requisition by shareholders

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "CO"), 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 an extraordinary 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 CO, 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.

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 20 clear business days' prior notice is given. Due to other business commitments, Dr. Wong, the Chairman of the Board, was unable to attend the adjourned annual general meeting of the Company held on 1 September 2022; which deviates from CG Code provision F.2.2. Despite of this, a majority number of the members of the Board as well as the chairman or member of the Audit Committee, the Nomination Committee and the Remuneration Committee together with Ernst & Young, the Company's external auditor were 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.

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides management services to its subsidiaries. Its subsidiaries are mainly engaged in property development, property investment and property related activities. There have been no 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.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2023 and the Group's financial position at that date are set out in the financial statements on pages 51 to 150.

BUSINESS REVIEW

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 Mainland China, namely Shenzhen, Guangzhou and Chongqing as well as in Hong Kong. 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.

A business review of the Group for the year ended 31 March 2023 and outlook are set out in the "Chairman's Statement" on pages 5 to 12 and an analysis using financial key performance indicators are set out in "Financial Highlights" on page 3 of this annual report. The Group's financial risk management objectives and policies are set out in note 38 to the financial statements. Details of important event(s) occurred after the reporting period are set out in note 39 to the financial statements.

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 2023, please refer to the Company's 2022/23 Environmental, Social and Governance Report, which is available on the websites of the Stock Exchange and of the Company.

During the year ended 31 March 2023, 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.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group's relationship with its employees is set out in the "Employees and remuneration policies" below.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue was primarily derived from the business segments: (i) property development, (ii) property investment, and (iii) property and carpark management. Revenue decreased by 5% to HK$1,049 million in the year under review from HK$1,106 million in last year. 55.2% of the Group's revenue was generated from the sales of properties (2022: 57.2%), 40.0% from property rental (2022: 39.3%) and 4.8% from property and carpark management and other segments (2022: 3.5%). Property development business recorded a decrease in revenue as a result of a decrease in property sales recognised whereas the property investment business improved.

Liquidity and financial resources

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Funding and treasury policies

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

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

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

Pledge of assets

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

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 32 to the financial statements.

Employees and remuneration policies

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

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 Mainland China

A substantial part of the Group's property portfolio is located in Mainland China, and a major part of the Group's revenue is derived in Mainland China. 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.

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

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

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 151. 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 2023.

DISTRIBUTABLE RESERVES

At 31 March 2023, 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$202,708,000, of which HK$90,054,000 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 72% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 36%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company 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.

DIRECTORS

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

Dr. Wong
James Sing-Wai Wong
Xiao-Ping Li
Philip Bing-Lun Lam
Janie Fong*
David Tak-Wai Ma*
James C. Chen*

* *Independent non-executive directors*

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 Chi-Cheung Chan, Qiao Chen, Shui-Yung Cheng, Siu-Wai Ding, Hai-Ou Gao, Ying-Hua Guo, Xiao-Wen Hong, Yiu Hong, Thomas Ka-Leung Hui, Kevin Chun-Ho Lau, Stephen Chun-Piu Lee, Wei Luo, Calvin Ming-Yui Ng, Siu-Kai Ng, Kai-Nor Siu, Wai-Lun Yip, Qiang Zhang, Tim Bermingham and Julie Di Lorenzo.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 104 of the Articles of Association, James Sing-Wai Wong and David Tak-Wai Ma shall retire by rotation at the forthcoming annual general meeting. James Sing-Wai Wong and David Tak-Wai Ma, being eligible, will offer themselves for re-election.

The proposed re-election of David Tak-Wai Ma as independent non-executive director was made in accordance with the nomination policy of the Company and took into account a wide range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services, with due regard of the benefits of diversity as set out under the board diversity policy of the Company.

The Nomination Committee had also assessed and reviewed the written confirmation of independence of David Tak-Wai Ma based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that as at the date of this report, David Tak-Wai Ma remained independent in accordance with Rule 3.13 of the Listing Rules.

In addition, the Nomination Committee had evaluated the performance of David Tak-Wai Ma and is of the view that Mr. Ma has provided valuable contributions to the Company and has demonstrated his ability to provide independent, balanced and objective views to the Company's affairs. The Nomination Committee is also of the view that Mr. Ma would bring to the Board his own perspective, skills and experience, as further described in his biography as set out on page 15 of this annual report, and can contribute to the diversity of the Board taking into account his diversified educational background and professional experience. The Board, with the recommendation of Nomination Committee, believes that the re-election of David Tak-Wai Ma as the independent non-executive director of the Company would be in the best interests of the Company and its shareholders as a whole and recommends his re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 13 to 16 of this annual report.

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 of the Company 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 22 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 35 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 2023, the interests and short positions of the directors of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (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, were as follows:

(a) Directors' interests in the ordinary shares of the Company

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Dr. Wong	*1 & 2*	Through controlled corporations	502,262,139	69.72

(b) Directors' interests in the ordinary shares/paid-up registered capital of associated corporations

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
Dr. Wong	*1 & 3*	Chinney Investments	Through controlled corporations	341,439,324	61.93
	1	Chinney Investments	Beneficially owned	480,000	0.09
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year	Beneficially owned	20,000	100.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 6	Chinney Trading Company Limited ("Chinney Trading")	Through controlled corporations	7,150	55.00

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

1. *All the interests stated above represent long positions.*

2. *Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which Dr. Wong is a director and has beneficial interests therein. The remaining 11,756,000 shares are held by Chinney Capital of which Dr. Wong is a director and has beneficial interests therein.*

3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

4. *These shares are beneficially held by Lucky Year. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

5. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of the Company and RMB74,000,000 is paid up by a company controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in this company.*

6. *Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of the Company and 4,550 shares are held by a company controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in this company.*

Save as disclosed herein, as at 31 March 2023, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be 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, the Company paid a management fee of HK$14,375,000 to Chinney Investments (2022: HK$13,746,000). Dr. Wong and James Sing-Wai Wong, directors of the Company, are also directors of Chinney Investments.

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

As at 31 March 2023, so far as is known to the directors of the Company, 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
Dr. Wong	*1, 2, 3*	Through controlled corporations	502,262,139	69.72
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. *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 Dr. Wong is a director and has beneficial interests therein.*

Save as disclosed herein, as at 31 March 2023, 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

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

   Details of the transaction were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 12 July 2018 and the Company's circular dated 8 August 2018. Construction works were completed and pending for agreement of variation orders and final accounts of the project. During the year ended 31 March 2023, HK$19,674,000 was paid to Chinney Construction in respect of the transaction.

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

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

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

(a) In March 2020, Vast Champ Investment (Chongqing) Co., Ltd. (the "Onshore Borrower"), being a direct wholly-owned subsidiary of the Offshore Borrower (as defined below) and an indirect wholly-owned subsidiary of the Company, as borrower, entered into a loan agreement (固定資產貸款借款合同) (the "Onshore Loan Agreement") relating to a term loan facility in the principal amount up to RMB450 million (the "Onshore Loan Facility") with a PRC branch of a bank in Hong Kong (the "Onshore Lender"). The Onshore Loan Facility will be mainly used for refinancing the existing banking facility of the Onshore Borrower and repayment of inter-company loans, and also as general working capital for the daily operation of the Onshore Borrower. The tenor of the Onshore Loan Facility shall be 5 years commencing from the first drawdown date of the Onshore Loan Facility, or up to the maturity date of the Offshore Loan Facility (as defined below), whichever is later.

Pursuant to the Onshore Loan Agreement, the Onshore Borrower undertakes with the Onshore Lender, inter alia, that (1) it will procure Chinney Investments to continue to (i) be the major beneficial ultimate shareholder of the Company; (ii) hold not less than 30% effective shareholding of the Company; and (iii) maintain management control of the Company; and (2) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members or his designated trust beneficiary shall continue to collectively remain as the major beneficial ultimate shareholder of Chinney Investments.

If any of the undertakings as stipulated in the Onshore Loan Agreement are not performed by the Onshore Borrower, it will constitute an event of default and the occurrence of which, if not being remedied by the Onshore Borrower within the period as allowed by the Onshore Lender, would render the Onshore Lender having the right to declare the Onshore Loan Facility to be immediately due and payable.

(b) In March 2020, Vast Champ Investment Limited (the "Offshore Borrower"), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a loan agreement (the "Offshore Loan Agreement") relating to a term loan facility in the principal amount up to HK$100 million (the "Offshore Loan Facility") with a bank in Hong Kong (the "Offshore Lender"). The Offshore Loan Facility will be used for repayment of inter-company loans raised for the purpose of refinancing an existing banking facility of the Offshore Borrower. The tenor of the Offshore Loan Facility shall be 5 years from the drawdown date of the Offshore Loan Facility or up to the maturity date of the Onshore Loan Facility, whichever is earlier.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(Continued)*

Pursuant to the Offshore Loan Agreement, it shall be an event of default if (1) Chinney Investments ceases to (i) be the major beneficial ultimate shareholder of the Company; or (ii) hold not less than 30% effective shareholding of the Company, or (iii) maintain management control of the Company; or (2) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members or his designated trust beneficiary ceases to collectively remain the major beneficial ultimate shareholder of Chinney Investments.

If an event of default under the Offshore Loan Agreement occurs, the Offshore Lender may declare all outstanding amounts together with all interest accrued under the Offshore Loan Facility to be immediately due and payable.

(c) In February 2023, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "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 (the "Loan Facilities") with a syndicate of financial institutions (the "Lenders"). The Loan Facilities have a term of 48 months commencing from the date of the Facility Agreement and to be used for (i) refinancing the existing syndicated loan with an outstanding balance of HK$727.5 million; (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 Chairman 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.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, Dr. Wong, the Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment. In this respect, Dr. Wong is regarded as being interested in businesses which might compete with the Group.

As the Board is independent from the board of those entities and maintains a sufficient number of independent non-executive directors, the Group is therefore capable of carrying on its businesses independently of, and at arm's length with, the business of those entities.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company 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.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$133,000.

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
Philip Bing-Lun Lam
Director

Hong Kong, 29 June 2023

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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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 51 to 150, which comprise the consolidated statement of financial position as at 31 March 2023, 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 2023, the Group's investment properties measured at fair value amounted to approximately HK$15,148 million, with net gains arising from fair value change recognised in the statement of profit or loss of approximately HK$43 million from completed investment properties and investment property under construction. The valuation process is inherently subjective, and dependent on a number of estimates such as market rent, market yield, market price per unit, stabilised growth rate, etc. To support management's determination of the fair value, the Group has engaged an independent professionally qualified valuer 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 qualification and assessed the valuation methodologies and assumptions adopted by the valuer with assistance from our internal valuation expert. For completed investment properties and investment property under construction, we evaluated the data used as inputs for the valuation, which included reference 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 properties held for sale under development and completed properties held for sale	
As at 31 March 2023, the Group has recorded properties held for sale under development and completed properties held for sale of approximately HK$1,422 million in aggregate. Properties held for sale under development and 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 properties held for sale under development and completed properties held for sale are included in notes 3 and 19 to the financial statements.	Our audit procedures included the understanding and review of management's impairment assessment process and assumptions adopted with reference to externally available industry and market data and actual sales transactions of properties and selling expenses incurred during the year and subsequent to the end of the reporting period. For properties held for sales under development, we also reviewed the costs incurred to date and future costs to completion against the latest project development cost budgets prepared by management to assess the total costs of properties for impairment assessment purpose. We tested the basis of preparing those budgets taking into account the accuracy of previous budgets of similar projects and the construction quotations, agreements or invoices and historical data supporting the underlying assumptions.

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 HKFRSs 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Ernst & Young
Certified Public Accountants
Hong Kong

29 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
REVENUE	5	**1,049,421**	1,106,278
Cost of sales		**(493,202)**	(513,181)
Gross profit		**556,219**	593,097
Other income	5	**35,549**	57,794
Fair value losses on investment properties, net		**(56,016)**	(127,429)
Fair value gain on transfer of development property to investment property		**98,973**	–
Administrative expenses		**(110,288)**	(120,993)
Other operating expenses, net		**(34,893)**	(54,293)
Finance costs	6	**(217,328)**	(158,451)
Share of profit of an associate		**26,979**	35,701
PROFIT BEFORE TAX	7	**299,195**	225,426
Income tax expense	10	**(142,803)**	(133,663)
PROFIT FOR THE YEAR		**156,392**	91,763
Attributable to:			
Owners of the Company		**153,423**	91,693
Non-controlling interests		**2,969**	70
		156,392	91,763
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	12	**HK$0.21**	HK$0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	2023 *HK$'000*	2022 *HK$'000*
PROFIT FOR THE YEAR	**156,392**	91,763
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of an associate	**(38,280)**	13,988
Exchange differences on translation of foreign operations	**(664,648)**	286,617
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(702,928)**	300,605
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(546,536)**	392,368
Attributable to:		
Owners of the Company	**(511,007)**	377,825
Non-controlling interests	**(35,529)**	14,543
	(546,536)	392,368

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**255,862**	305,250
Investment properties	*14*	**15,147,509**	15,308,966
Investments in joint ventures	*16*	**393,129**	199
Investment in an associate	*17*	**790,284**	801,585
Financial asset at fair value through other comprehensive income	*18*	**60,127**	–
Financial assets at fair value through profit or loss	*21*	**7,862**	–
Total non-current assets		**16,654,773**	16,416,000
CURRENT ASSETS			
Tax recoverable		**3,569**	436
Properties held for sale under development and completed properties held for sale	*19*	**1,422,423**	1,957,931
Trade receivables	*20*	**10,884**	14,319
Contract costs		**9,364**	17,451
Prepayments, deposits and other receivables	*22*	**305,606**	255,208
Financial assets at fair value through profit or loss	*21*	**7,406**	–
Amount due from a joint venture	*16*	**3,200**	–
Cash and bank balances	*23*	**1,751,897**	1,877,175
Total current assets		**3,514,349**	4,122,520
CURRENT LIABILITIES			
Trade payables, other payables and accrued liabilities	*24*	**132,348**	209,464
Interest-bearing bank borrowings	*26*	**1,563,778**	3,107,368
Lease liabilities	*15*	**13,856**	20,004
Contract liabilities	*25*	**269,880**	421,238
Customer deposits		**84,367**	86,354
Tax payable		**320,141**	308,765
Total current liabilities		**2,384,370**	4,153,193
NET CURRENT ASSETS/(LIABILITIES)		**1,129,979**	(30,673)
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,784,752**	16,385,327

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*26*	**4,561,621**	2,419,303
Lease liabilities	*15*	**13,551**	23,711
Deferred tax liabilities	*27*	**1,333,063**	1,429,206
Total non-current liabilities		**5,908,235**	3,872,220
Net assets		**11,876,517**	12,513,107
EQUITY			
Equity attributable to owners of the Company			
Share capital	*28*	**1,519,301**	1,519,301
Reserves	*29*	**10,143,828**	10,744,889
		11,663,129	12,264,190
Non-controlling interests		**213,388**	248,917
Total equity		**11,876,517**	12,513,107

James Sing-Wai Wong
Director

Philip Bing-Lun Lam
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Attributable to owners of the Company					
	Share capital *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2021	1,519,301	203,838	10,253,280	11,976,419	233,375	12,209,794
Profit for the year	–	–	91,693	91,693	70	91,763
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	286,132	–	286,132	14,473	300,605
Total comprehensive income for the year	–	286,132	91,693	377,825	14,543	392,368
Capital contribution from non-controlling interests	–	–	–	–	999	999
Final 2021 dividend declared	–	–	(90,054)	(90,054)	–	(90,054)
At 31 March 2022 and 1 April 2022	1,519,301	489,970*	10,254,919*	12,264,190	248,917	12,513,107
Profit for the year	–	–	153,423	153,423	2,969	156,392
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	–	(664,430)	–	(664,430)	(38,498)	(702,928)
Total comprehensive income/(loss) for the year	–	(664,430)	153,423	(511,007)	(35,529)	(546,536)
Final 2022 dividend declared	–	–	(90,054)	(90,054)	–	(90,054)
At 31 March 2023	**1,519,301**	**(174,460)***	**10,318,288***	**11,663,129**	**213,388**	**11,876,517**

* *These reserve accounts comprise the consolidated reserves of HK$10,143,828,000 (2022: HK$10,744,889,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**299,195**	225,426
Adjustments for:			
Finance costs	*6*	**217,328**	158,451
Share of profit of an associate		**(26,979)**	(35,701)
Bank interest income	*5*	**(17,516)**	(13,107)
Depreciation	*7*	**25,419**	30,806
Gain on disposal of items of property, plant and equipment	*7*	**(57)**	(25,643)
Fair value losses on financial assets at fair value through profit or loss	*7*	**3,013**	–
Fair value losses/(gains) on investment properties, net	*7*	**(42,957)**	127,429
		457,446	467,661
Decrease in properties held for sale under development and completed properties held for sale		**36,903**	184,248
Decrease in trade receivables		**3,435**	4,797
Increase in prepayments, deposits and other receivables		**(51,159)**	(66,096)
Decrease/(increase) in contract costs		**7,626**	(118)
Decrease in trade payables, other payables and accrued liabilities		**(70,784)**	(55,335)
Increase/(decrease) in contract liabilities		**(137,268)**	47,522
Increase/(decrease) in customer deposits		**1,752**	(7,260)
Cash generated from operations		**247,951**	575,419
Interest paid		**(1,189)**	(1,706)
Hong Kong profits tax paid		**(534)**	(196)
Overseas taxes paid		**(82,590)**	(176,243)
Net cash flows from operating activities		**163,638**	397,274
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**17,516**	13,107
Purchases of items of property, plant and equipment	*13*	**(1,269)**	(2,172)
Dividend received from an associate		**–**	78,000
Proceeds from disposal of items of property, plant and equipment		**350**	26,687
Additions to investment properties		**(104,811)**	(132,987)
Purchase of a shareholding in a joint venture		**(392,930)**	–
Advances of loans to a joint venture		**(3,200)**	–
Purchase of equity investment designated at fair value through other comprehensive income		**(60,127)**	–

	Notes	2023 HK$'000	2022 HK$'000
Purchases of financial assets designated at fair value through profit or loss		**(18,281)**	–
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**24,519**	(26,440)
Net cash flows used in investing activities		**(538,233)**	(43,805)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(266,096)**	(173,070)
New bank loans	*31(b)*	**3,380,172**	1,212,362
Repayment of bank loans	*31(b)*	**(2,658,264)**	(1,419,971)
Principal portion of lease payments	*31(b)*	**(16,487)**	(14,817)
Dividend paid		**(90,054)**	(90,054)
Net cash flows from/(used in) financing activities		**349,271**	(485,550)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(25,324)**	(132,081)
Cash and cash equivalents at beginning of year		**1,847,908**	1,906,128
Effect of foreign exchange rates changes, net		**(75,435)**	73,861
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,747,149**	1,847,908
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*23*	**1,511,603**	1,809,892
Non-pledged time deposits	*23*	**240,294**	67,283
Cash and bank balances as stated in the consolidated statement of financial position		**1,751,897**	1,877,175
Non-pledged time deposits with original maturity of more than three months when acquired		**(4,748)**	(29,267)
Cash and cash equivalents as stated in the statement of cash flows		**1,747,149**	1,847,908

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
Champion Fine International Investments Inc.	Canada	Canadian dollar ("CAD") 1	–	100	Investment holding
Chinney Property Management Limited	Hong Kong	Hong Kong dollar ("HK$") 100	–	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
Foshan Nanhai XinDa Land Development Ltd.#	PRC/Mainland China	HK$300,000,000	–	100	Property development
Gold Famous Development Limited ("Gold Famous")	Hong Kong	HK$1	–	100	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.#	PRC/Mainland China	Renminbi ("RMB") 185,000,000	–	60	Property development
Guangzhou Hua Yin Land Development Co., Ltd.#	PRC/Mainland China	RMB80,000,000	–	100	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.#	PRC/Mainland China	RMB52,114,000	–	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 Tungfu Property Management Co., Ltd.#	PRC/Mainland China	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/Mainland China	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
Hotwin Investment (Chongqing) Co., Ltd.#	PRC/Mainland China	US$14,300,000	–	100	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting
Shenzhen Guanghai Investment Co., Ltd.#	PRC/Mainland China	RMB880,000,000	–	100	Property holding and letting
Shenzhen Honkwok Huaye Development Co., Ltd.#	PRC/Mainland China	RMB50,000,000	–	100	Property holding and 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	Indirect	Principal activities
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	100	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	100	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.#	PRC/Mainland China	US$30,000,000	–	100	Property holding and letting
Wide Fame Investment Limited	Hong Kong	HK$2	–	100	Financing
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 duration of 25 to 50 years.

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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value as further explained in note 2.4. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

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 2023. 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).

When the Company has, directly or indirectly, 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.

2.1 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the conceptual framework*
Amendment to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples Accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below: *(continued)*

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2022. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contract*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 April 2023
2 Effective for annual periods beginning on or after 1 April 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) 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 between an investor and its associate or joint venture 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 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities* as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. During the year, the Group has performed a detailed assessment on the impact of amendments to HKAS 12. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate 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 is in a position to exercise 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 an associate and a joint venture 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 the associate and joint venture 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 the associate 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 venture are eliminated to the extent of the Group's investments in an associate or a joint venture, 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 an associate or a joint venture.

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.

2.4 SUMMARY OF SIGNIFICANT 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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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 and financial assets at fair value through other comprehensive income 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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, investment property under construction, properties held for sale under development and completed properties 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. 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.

Properties under construction or development for future use as investment properties are classified as investment properties under construction. If the fair value cannot be reliably determined, the investment properties under construction will be measured at cost until such time as fair value can be determined or construction is completed.

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 buildings 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.

2.4 SUMMARY OF SIGNIFICANT 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 lease term

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".

2.4 SUMMARY OF SIGNIFICANT 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.

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.

2.4 SUMMARY OF SIGNIFICANT 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 terms 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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

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.

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

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, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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 equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 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

2.4 SUMMARY OF SIGNIFICANT 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 trade and other payables, financial liabilities included in customer deposits, lease liabilities and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and bank balances comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

- in respect of taxable temporary differences associated with investments in subsidiaries, a joint venture and an associate, 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

- in respect of deductible temporary differences associated with investments in subsidiaries, a joint venture and an associate, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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.

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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

(a) Sales of properties

Revenue from the sale of properties is recognised at the point in time when the purchasers obtained the physical possession of the completed property and 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

(a) rental income is recognised on a time proportion basis over the lease terms.

(b) 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 instruments or a shorter period, when appropriate, to the net carrying amount of the financial assets.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract costs

Other than the costs which are capitalised as investment properties, property, plant and equipment, and 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.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

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 Mainland China 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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).

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, a joint venture and an associate 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. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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.

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 on 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 economy 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).

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

Judgements *(Continued)*

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

The Group determined that the sales contract with customers requires 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 obtained the physical possession or the legal title of the completed property.

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 intention for 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)*

Investment property under construction

Properties under construction or development for future use as investment properties are classified as investment properties under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. The Group's investment property under construction is revalued on an open market, existing use basis, by independent professionally qualified valuers as its fair value can be determined reliably, upon the conclusion of most of the construction contracts.

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 were 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 were 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.

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 properties held for sale under development and 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 properties held for sale under development and completed properties held for sale of the Group are set out in note 18 to the financial statements.

Estimation of total budgeted costs and costs to completion for properties held for sale under development

Total budgeted costs for properties held for sale under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties held for sale under development, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

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 on 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.

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

Estimation uncertainty *(Continued)*

Estimation of fair value of investment properties (Continued)

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

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 on the income tax and deferred tax provisions in the periods in which such determination is made.

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 level of future taxable profits together with future tax planning strategies. Further details are contained in note 25 to the financial statements.

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 Mainland China 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.

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

Estimation uncertainty *(Continued)*

Land appreciation tax (Continued)

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of Provisional Regulations on LAT varies amongst various Mainland China 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 on 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 profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, share of profit of an associate and fair value losses on financial assets at fair value through profit or loss as well as head office and corporate expenses are excluded from such measurement.

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

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

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Property, carpark management and others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue *(note 5)*:								
Sales to external customers	**579,625**	632,973	**419,377**	434,380	**50,419**	38,925	**1,049,421**	1,106,278
Segment results	**218,492**	290,030	**303,254**	120,537	**19,638**	5,927	**541,384**	416,494
Reconciliation:								
Interest income							**17,516**	13,107
Unallocated expenses							**(67,532)**	(83,131)
Fair value losses on financial assets at fair value through profit or loss							**(3,013)**	–
Finance costs (other than interest on lease liabilities)							**(216,139)**	(156,745)
Share of profit of an associate							**26,979**	35,701
Profit before tax							**299,195**	225,426
Segment assets	**1,802,293**	2,176,175	**15,498,962**	15,792,178	**2,162,998**	2,010,795	**19,464,253**	19,979,148
Reconciliation:								
Elimination of intersegment receivables							**(2,309,405)**	(2,120,023)
Investments in joint ventures							**393,129**	199
Investment in an associate							**790,284**	801,585
Financial assets at fair value through profit or loss							**15,268**	–
Financial assets at fair value through other comprehensive income							**60,127**	–
Corporate and other unallocated assets							**1,755,466**	1,877,611
Total assets							**20,169,122**	20,538,520
Segment liabilities	**1,389,817**	1,421,656	**1,174,484**	1,149,904	**259,106**	309,234	**2,823,407**	2,880,794
Reconciliation:								
Elimination of intersegment payables							**(2,309,405)**	(2,120,023)
Corporate and other unallocated liabilities							**7,778,603**	7,264,642
Total liabilities							**8,292,605**	8,025,413

4. OPERATING SEGMENT INFORMATION (Continued)

	Property development		Property investment		Property, carpark management and others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	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	**–**	–	**56,016**	127,429	**–**	–	**56,016**	127,429
Fair value gain on transfer of development property to investment property	**–**	–	**(98,973)**	–	**–**	–	**(98,973)**	–
Loss/(gain) on disposal of items of property, plant and equipment	**(95)**	(25,637)	**–**	–	**38**	(6)	**(57)**	(25,643)
Depreciation	**2,418**	2,740	**7,698**	8,362	**15,303**	19,704	**25,419**	30,806
Capital expenditure*	**764**	302	**104,661**	133,731	**655**	1,126	**106,080**	135,159

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

Geographical information

(a) Revenue

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**191,029**	196,781
Mainland China	**858,392**	909,497
	1,049,421	1,106,278

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

(b) Non-current assets

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**5,579,346**	5,116,650
Mainland China	**11,007,239**	11,299,151
Other	**199**	199
	16,586,784	16,416,000

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

5. REVENUE AND OTHER INCOME

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

An analysis of revenue is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**579,625**	632,973
Property management income and others	**52,512**	45,131
Revenue from other sources		
Gross rental income	**417,284**	428,174
	1,049,421	1,106,278

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2023

Segments

	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Types of goods or services				
Sales of properties	579,625	–	–	579,625
Property management income and others	–	38,367	14,145	52,512
Total revenue from contracts with customers	579,625	38,367	14,145	632,137
Geographical markets				
Hong Kong	–	–	14,145	14,145
Mainland China	579,625	38,367	–	617,992
Total revenue from contracts with customers	579,625	38,367	14,145	632,137
Timing of revenue recognition				
Goods transferred at a point in time	579,625	–	–	579,625
Services transferred over time	–	38,367	14,145	52,512
Total revenue from contracts with customers	579,625	38,367	14,145	632,137

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

For the year ended 31 March 2022

Segments

	Property development HK$'000	Property investment HK$'000	Property, carpark management and others HK$'000	Total HK$'000
Types of goods or services				
Sales of properties	632,973	–	–	632,973
Property management income	–	39,841	5,290	45,131
Total revenue from contracts with customers	632,973	39,841	5,290	678,104
Geographical markets				
Hong Kong	–	–	5,290	5,290
Mainland China	632,973	39,841	–	672,814
Total revenue from contracts with customers	632,973	39,841	5,290	678,104
Timing of revenue recognition				
Goods transferred at a point in time	632,973	–	–	632,973
Services transferred over time	–	39,841	5,290	45,131
Total revenue from contracts with customers	632,973	39,841	5,290	678,104

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:

	2023 ***HK$'000***	2022 *HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Sales of properties	**358,011**	245,429

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

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

Sales of properties

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

Property management income

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.

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

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. PROFIT BEFORE TAX

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

	Notes	2023 HK$'000	2022 HK$'000
Cost of properties sold		**308,788**	310,807
Direct operating expenses (including repairs and maintenance) arising from rental-earning properties#**		**184,414**	202,374
Depreciation#	*13*	**25,419**	30,806
Lease payments not included in the measurement of lease liabilities	*15(c)*	**5,440**	4,893
Contract costs arising from sales of properties**		**45,708**	48,794
Auditor's remuneration		**3,048**	2,935
Employee benefit expense (including directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		**72,717**	66,092
Pension scheme contributions		**2,101**	1,972
		74,818	68,064
Less: Amounts capitalised under properties under development		**(29,800)**	(24,300)
		45,018	43,764
Fair value losses on financial assets at fair value through profit or loss		**3,013**	–
Fair value losses on investment properties, net	*14*	**56,016**	127,429
Fair value gain on transfer of development property to investment property	*14*	**(98,973)**	–
Interest income		**(17,516)**	(13,107)
Gain on disposal of items of property, plant and equipment		**(57)**	(25,643)
Government subsidies *(note)*		**(3,095)**	(1,070)

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

Included in the amounts are depreciation of leased carparks of HK$9,551,000 (2022: HK$11,316,000) which are 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 for the year are included in "Cost of sales" in the consolidated statement of profit or loss.*

** *The contract costs arising from sales of properties for the year are included in "Other operating expenses, net" in the consolidated statement of profit or loss.*

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

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:

	2023	2022
	HK$'000	*HK$'000*
Fees	**1,280**	1,005
Other emoluments:		
Salaries, allowances and benefits in kind	**9,729**	7,980
Discretionary performance-related bonuses*	**4,380**	4,110
Pension scheme contributions	**–**	–
	14,109	12,090
	15,389	13,095

* *Certain executive directors of the Company are entitled to bonus payments which are determined based on the individual performance of these directors during the year.*

(a) Independent non-executive directors

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

	2023	2022
	HK$'000	*HK$'000*
James C. Chen (appointed on 26 August 2021)	**320**	112
Janie Fong	**320**	250
David Tak-Wai Ma	**320**	250
Zuo Xiang (retired on 26 August 2021)	**–**	143
	960	755

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2023					
Executive directors:					
James Sai-Wing Wong	**–**	**–**	**–**	**–**	**–**
James Sing-Wai Wong	**320**	**1,080**	**–**	**–**	**1,400**
Xiao-Ping Li	**–**	**6,290**	**1,800**	**–**	**8,090**
Philip Bing-Lun Lam	**–**	**2,359**	**2,580**	**–**	**4,939**
	320	**9,729**	**4,380**	**–**	**14,429**

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2022					
Executive directors:					
James Sai-Wing Wong	–	–	–	–	–
James Sing-Wai Wong	250	–	–	–	250
Xiao-Ping Li	–	5,840	1,650	–	7,490
Philip Bing-Lun Lam	–	2,140	2,460	–	4,600
	250	7,980	4,110	–	12,340

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 two (2022: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2022: three) non-director highest paid employees are as follows:

	2023	2022
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**11,878**	11,081
Pension scheme contributions	**463**	425
	12,341	11,506

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

	Number of employees	
	2023	2022
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**2**	1
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
	3	3

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%). 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 Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	2023	2022
	HK$'000	*HK$'000*
Current – Hong Kong	**1,479**	95
Current – Elsewhere	**56,410**	27,754
LAT in Mainland China	**84,261**	153,518
Deferred *(note 27)*	**653**	(47,704)
Total tax charge for the year	**142,803**	133,663

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023	2022
	HK$'000	*HK$'000*
Profit before tax	**299,195**	225,426
Tax at the statutory tax rates	**76,892**	62,284
Income not subject to tax	**(11,343)**	(25,024)
Expenses not deductible for tax	**7,779**	7,136
Tax losses utilised from previous periods	**(14,903)**	(9,715)
Tax losses not recognised	**12,549**	11,772
Profit attributable to an associate	**(6,746)**	(8,926)
LAT	**84,261**	153,518
Others	**(5,686)**	(57,382)
Tax charge at the Group's effective rate of 46.4% (2022: 59.3%)	**142,803**	133,663

10. INCOME TAX *(Continued)*

The share of tax attributable to an associate amounting to HK$17,358,000 (2022: HK$35,117,000) is included in "share of profit of an associate" in the consolidated statement of profit or loss.

There was no share of tax attributable to joint ventures during the year ended 31 March 2023 (2022: Nil).

11. DIVIDEND

	2023	2022
	HK$'000	*HK$'000*
Proposed final – 12.5 HK cents (2022: 12.5 HK cents) per ordinary share	**90,054**	90,054

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

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

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

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

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 2023									
At 31 March 2022 and 1 April 2022:									
Cost	217,022	81,687	298,709	80,516	5,641	19,332	12,374	117,863	416,572
Accumulated depreciation	(17,846)	(43,555)	(61,401)	(24,041)	(2,665)	(14,728)	(8,487)	(49,921)	(111,322)
Net carrying amount	199,176	38,132	237,308	56,475	2,976	4,604	3,887	67,942	305,250
At 1 April 2022	199,176	38,132	237,308	56,475	2,976	4,604	3,887	67,942	305,250
Additions	–	179	179	–	–	847	422	1,269	1,448
Disposals	–	–	–	–	–	(74)	(219)	(293)	(293)
Depreciation provided during the year	(5,733)	(13,978)	(19,711)	(2,253)	(1,062)	(1,313)	(1,080)	(5,708)	(25,419)
Exchange realignment	(19,316)	–	(19,316)	(5,534)	–	(110)	(164)	(5,808)	(25,124)
At 31 March 2023, net of accumulated depreciation	174,127	24,333	198,460	48,688	1,914	3,954	2,846	57,402	255,862
At 31 March 2023:									
Cost	200,630	81,866	282,496	72,263	5,641	19,505	11,061	108,470	390,966
Accumulated depreciation	(26,503)	(57,533)	(84,036)	(23,575)	(3,727)	(15,551)	(8,215)	(51,068)	(135,104)
Net carrying amount	174,127	24,333	198,460	48,688	1,914	3,954	2,846	57,402	255,862

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 2022									
At 31 March 2021 and 1 April 2021:									
Cost	211,075	65,912	276,987	84,908	5,250	17,459	12,187	119,804	396,791
Accumulated depreciation	(10,908)	(42,466)	(53,374)	(26,210)	(1,646)	(13,448)	(6,868)	(48,172)	(101,546)
Net carrying amount	200,167	23,446	223,613	58,698	3,604	4,011	5,319	71,632	295,245
At 1 April 2021	200,167	23,446	223,613	58,698	3,604	4,011	5,319	71,632	295,245
Additions	–	32,929	32,929	–	391	1,781	–	2,172	35,101
Disposals	–	–	–	(1,032)	–	(12)	–	(1,044)	(1,044)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(31)	(31)	–	–	–	–	–	(31)
Depreciation provided during the year	(6,102)	(18,212)	(24,314)	(2,739)	(1,019)	(1,219)	(1,515)	(6,492)	(30,806)
Exchange realignment	5,111	–	5,111	1,548	–	43	83	1,674	6,785
At 31 March 2022, net of accumulated depreciation	**199,176**	**38,132**	**237,308**	**56,475**	**2,976**	**4,604**	**3,887**	**67,942**	**305,250**
At 31 March 2022:									
Cost	**217,022**	**81,687**	**298,709**	**80,516**	**5,641**	**19,332**	**12,374**	**117,863**	**416,572**
Accumulated depreciation	**(17,846)**	**(43,555)**	**(61,401)**	**(24,041)**	**(2,665)**	**(14,728)**	**(8,487)**	**(49,921)**	**(111,322)**
Net carrying amount	**199,176**	**38,132**	**237,308**	**56,475**	**2,976**	**4,604**	**3,887**	**67,942**	**305,250**

At 31 March 2023, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$208,055,000 (2022: HK$242,174,000) were pledged to secure general banking facilities granted to the Group as detailed in note 26(a)(iii) to the financial statements.

14. INVESTMENT PROPERTIES

	Completed investment properties at fair value	Investment property under construction at fair value	Total
			2023
	HK$'000	***HK$'000***	***HK$'000***
At beginning of year	**15,308,966**	**–**	**15,308,966**
Additions	**104,811**	**–**	**104,811**
Transfer	**–**	**413,471**	**413,471**
Net gains from fair value adjustments	**(56,016)**	**98,973**	**42,957**
Exchange realignment	**(698,889)**	**(23,807)**	**(722,696)**
At end of year	**14,658,872**	**488,637**	**15,147,509**

	2022 Completed investment properties at fair value
	HK$'000
At beginning of year	15,056,648
Additions	132,987
Net losses from fair value adjustments	(127,429)
Exchange realignment	246,760
At end of year	15,308,966

14. INVESTMENT PROPERTIES *(Continued)*

The directors of the Company have determined that the Group's completed investment properties and investment property under construction are commercial properties, based on the nature, characteristics and risks of each property. The Group's completed investment properties and certain investment properties under construction were revalued on 31 March 2023 based on valuations performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at an aggregate value of HK$15,147,509,000 (2022: HK$15,308,966,000). 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 completed 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 2023, the Group's investment properties with an aggregate carrying value of HK$15,145,000,000 (2022: HK$15,306,000,000) were pledged to secure the banking facilities granted to the Group as detailed in note 26(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 26(a)(iv) to the financial statements.

Based on the property ownership certificates, a portion of the completed 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 2023, the carrying amount of such portion was HK$84,205,000 (2022: HK$91,951,000).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 152 to 156.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's completed investment properties and certain investment properties under construction at fair value:

	Fair value measurement as at 31 March 2023 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	**–**	**–**	**15,147,509**	**15,147,509**

	Fair value measurement as at 31 March 2022 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	–	–	15,308,966	15,308,966

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 (2022: Nil).

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

	HK$'000
Carrying amount at 1 April 2021	15,056,648
Additions	132,987
Net loss from fair value adjustments	(127,429)
Exchange realignment	246,760
Carrying amount at 31 March 2022 and 1 April 2022	15,308,966
Additions	104,811
Transfer	413,471
Net gains from fair value adjustments	42,957
Exchange realignment	(722,696)
Carrying amount at 31 March 2023	**15,147,509**

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

	Valuation techniques	**Significant unobservable inputs**	**Range or weighted average**	
Commercial properties			**2023**	2022
Completed	Income capitalisation approach	Estimated rental value		
		per sq.ft. and per month (HK$)	**16 to 128**	16 to 146
		per sq.m. and per month (RMB)	**38 to 423**	38 to 431
		Capitalisation rate	**3.0% to 6.5%**	3.1% to 6.5%
	Direct comparison approach	Unit price (HK$/unit)	**2,600,000**	2,600,000
		Unit price (RMB/unit)	**80,000 to 470,000**	80,000 to 480,000
		Price per sq.ft. (HK$)	**10,300 to 12,000**	10,200 to 12,000
	Discounted cash flow approach	Room tariff (RMB)	**N/A**	381
		Occupancy rate	**N/A**	43%
		Stabilised growth rate	**N/A**	3%
		Terminal capitalisation rate	**N/A**	5.8%
		Discount rate	**N/A**	8.8%
Under construction	Residual approach	Estimated rental value		
		per sq.m. and per month (RMB)	**165 to 412**	N/A
		Capitalisation rate	**4.5% to 5.0%**	N/A
		Development cost to completion		
		per sq.m. (RMB)	**3,897**	N/A

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Income capitalisation approach

Under the income capitalisation approach, fair value is estimated on the basis of 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 properties. 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 made 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, which 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 as 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, which a significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the investment properties.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Discounted cash flow approach

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The key inputs were the room tariff, the occupancy rate, the terminal capitalisation rate, the discount rate, and the stabilised growth rate, which a significant increase/decrease in the room tariff, the occupancy rate, and the growth rate in isolation would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the terminal capitalisation rate and the discount rate in isolation would result in a significant decrease/increase in the fair value of the investment properties.

Residual approach

Under the residual approach, the valuation is based on the assumption that the property is newly completed in accordance with the development proposal in terms of property uses, respective saleable areas and construction schedules to establish the gross development value ("GDV"). The total development costs including construction costs, professional fees, infrastructure costs, management costs, financial costs and developer's profit are estimated and deducted from the established GDV. The resultant residual figure is then adjusted back to the valuation date to arrive at the market value of the property interest concerned. The income approach has been used in estimating the GDV. A significant increase/(decrease) in the reversionary rental value and GDV would in isolation result in a significant increase/(decrease) in the fair value of the investment properties.

A significant increase/(decrease) in the vacancy rate, yield rate, development costs, construction period and deducted sales profit rate in isolation would result in a significant (decrease)/increase in the fair value of the investment properties. Generally, a change in the assumption made for the reversionary rental value is accomplished by a directionally similar change in the yield rate and an opposite change in the vacancy rate.

15. LEASES

The Group as a lessee

The Group has lease contracts for land and building 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:

	2023	2022
	HK$'000	*HK$'000*
Carrying amount at 1 April	**43,715**	25,634
New leases	**179**	32,929
Accretion of interest recognised during the year	**1,189**	1,706
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	(31)
Payment	**(17,676)**	(16,523)
Carrying amount at 31 March	**27,407**	43,715
Analysis into:		
Current portion	**13,856**	20,004
Non-current portion	**13,551**	23,711

The maturity analysis of lease liabilities is disclosed in note 38 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:

	2023	2022
	HK$'000	*HK$'000*
Interest on lease liabilities	**1,189**	1,706
Depreciation of right-of-use assets	**19,711**	24,314
Variable lease payment not included in the measurement of lease liabilities (included in cost of sales)	**5,440**	4,893
Total amount recognised in profit or loss	**26,340**	30,913

(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 are HK$9,551,000 and HK$5,440,000 (2022: HK$11,316,000 and HK$4,893,000) respectively.

(d) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of eleven (2022: eleven) commercial properties in Hong Kong and China 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$417,284,000 (2022: HK$428,174,000), details of which are included in note 5 to the financial statements.

15. LEASES *(Continued)*

The Group as a lessor *(Continued)*

At 31 March 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**323,583**	339,020
After one year but within two years	**300,555**	304,559
After two year but within three years	**246,657**	267,083
After three year but within four years	**207,523**	216,142
After four year but within five years	**377,693**	187,068
After five years	**327,582**	615,360
	1,783,593	1,929,232

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 26(a)(iv) to the financial statements.

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

	2023 HK$'000	2022 HK$'000
Share of net assets	**199**	199
Loan to a joint venture	**392,930**	–
	393,129	199

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 considered as part of the Group's net investments 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:

	2023 HK$'000	2022 HK$'000
Share of the joint ventures' profit for the year	**–**	–
Share of the joint ventures' other comprehensive income	**–**	–
Share of the joint ventures' total comprehensive income	**–**	–
Aggregate carrying amount of the Group's investments in the joint ventures	**393,129**	199

17. INVESTMENT IN AN ASSOCIATE

	2023	2022
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**771,910**	783,211
	790,284	801,585

Particulars of the associate, which is held indirectly through a wholly-owned subsidiary of the Company, 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$615,425,000	Hong Kong	20	Property development

The following table illustrates the financial information of the Group's associate that is not material:

	2023	2022
	HK$'000	*HK$'000*
Share of the associate's profit for the year	**26,979**	35,701
Share of the associate's other comprehensive income/(loss)	**(38,280)**	13,988
Share of the associate's total comprehensive income/(loss)	**(11,301)**	49,689
Carrying amount of the Group's investment in the associate	**790,284**	801,585

18. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	HK$'000	*HK$'000*
Financial asset at fair value through other comprehensive income		
Unlisted equity investment, at fair value		
5300 Yonge Limited Partnership	**60,127**	–

The above unlisted equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

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

	2023	2022
	HK$'000	*HK$'000*
Completed properties held for sale	**833,183**	1,093,468
Properties held for sale under development	**589,240**	864,463
	1,422,423	1,957,931

	2023	2022
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
After one year	**548,870**	821,401
– pending construction expected to be recovered:		
After one year	**40,370**	43,062
	589,240	864,463

19. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

Properties held for sale under development and completed properties held for sale included interest expense of HK$31,757,000 (2022: HK$16,325,000) that was incurred and capitalised during the year prior to the completion of the development of the properties.

During the year, certain of the Group's properties held for sale under development with an aggregate carrying value amounting to HK$548,869,000 (2022: HK$693,284,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 26(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 152 to 156.

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:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**882**	1,447
31 to 60 days	**156**	521
61 to 90 days	**143**	39
Over 90 days	**9,703**	12,312
	10,884	14,319

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of the sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are closely monitored by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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 2023 and 2022.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Key management insurance contracts	**3,735**	–
Listed equity investment, at fair value	**3,671**	–
Other unlisted investment, at fair value	**7,862**	–
	15,268	–
Analysed for reporting purposes as:		
Current assets	**7,406**	–
Non-current assets	**7,862**	–
	15,268	–

The above listed equity investment was classified as 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 2023, the key management insurance contract 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 (2022: Nil) (approximately HK$4,669,000) with an annual minimum guaranteed return of 2%.

As at 31 March 2023, if the Group withdrew from the insurance contract, the account value, net of surrender charges, of US$480,000 (approximately HK$3,735,000) (2022: Nil), would be refunded to the Group. The amount of surrender charges decreased over time and was no longer required from the 6 year of contract conclusion onwards.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Prepayments	**64,332**	35,115
Deposits	**19,415**	15,961
Other receivables	**221,859**	204,132
	305,606	255,208

None of the deposits is either past due or impaired. The provision for impairment relates to other receivables.

The remaining balance of other receivables that were neither past due nor impaired relate to a large number of independent parties for whom there was no recent history of default and part due amounts. As at 31 March 2023 and 2022, 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 2023 and 2022, the Group estimated that the expected loss rate for financial assets included in prepayments, deposits and other receivables was insignificant.

23. CASH AND BANK BALANCES

	2023	2022
	HK$'000	*HK$'000*
Cash and bank balances	**1,511,603**	1,809,892
Time deposits	**240,294**	67,283
	1,751,897	1,877,175

Included in cash and bank balances are restricted bank deposits of HK$69,101,000 (2022: HK$85,402,000).

At the end of the reporting period, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$1,454,788,000 (2022: HK$1,633,707,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**7,492**	8,301

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

25. CONTRACT LIABILITIES

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. The decrease in contract liabilities in 2023 and 2022 was mainly due to the decrease in sales proceeds received from customers in relation to the pre-sale of properties during the year.

26. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Effective annual interest rate (%)	**Maturity**	***HK$'000***	Effective annual interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – unsecured	**N/A**	**N/A**	**–**	2.7	2022-2023	785,000
Bank loans – secured	**4.3-6.6**	**2023-2024 or on demand**	**1,563,778**	1.5-6.6	2022-2023 or on demand	2,322,368
			1,563,778			3,107,368
Non-current						
Bank loans – secured	**4.3-6.6**	**2024-2031**	**4,561,621**	1.8-6.6	2023-2031	2,419,303
			6,125,399			5,526,671

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

	2023	2022
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,563,778**	3,107,368
In the second year	**1,558,636**	1,010,151
In the third to fifth years, inclusive	**2,944,445**	1,393,352
Beyond five years	**58,540**	15,800
	6,125,399	5,526,671

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$15,145,000,000 (2022: HK$15,306,000,000) as detailed in note 14 to the financial statements;

(ii) mortgages over certain of the Group's properties held for sale under development which had an aggregate carrying value at the end of the reporting period of HK$548,869,000 (2022: HK$693,284,000) 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$208,055,000 (2022: HK$242,174,000) as detailed in note 13 to the financial statements;

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

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

(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 equivalent to HK$1,875,671,000 (2022: HK$1,801,921,000), all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

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

As further explained in note 38 to the financial statements, certain of the Group's non-current interest-bearing bank borrowings in the amount of HK$22,000,000 (2022: HK$44,000,000) containing a repayment on demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$1,541,778,000 (2022: HK$3,063,368,000) payable within one year or on demand; HK$1,580,636,000 (2022: HK$1,032,151,000) payable in the second year; HK$2,944,445,000 (2022: HK$1,415,352,000) payable in the third to fifth years, inclusive; and HK$58,540,000 (2022: HK$15,800,000) 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.

27. DEFERRED TAX

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

	2023			
	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 2022	**23,311**	**1,402,395**	**3,500**	**1,429,206**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	**(1,903)**	**2,556**	**–**	**653**
Exchange realignment	**–**	**(96,796)**	**–**	**(96,796)**
At 31 March 2023	**21,408**	**1,308,155**	**3,500**	**1,333,063**

27. DEFERRED TAX *(Continued)*

	2022			
	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 2021	20,849	1,418,102	3,500	1,442,451
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	2,462	(50,166)	–	(47,704)
Exchange realignment	–	34,459	–	34,459
At 31 March 2022	23,311	1,402,395	3,500	1,429,206

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$113,481,000 (2022: HK$103,864,000) and unrecognised tax losses of HK$1,812,396,000 (2022: HK$1,803,844,000) 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 2023, except for the deferred tax recognised for a PRC subsidiary that will distribute dividends, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and Canada for which deferred tax liabilities have not been recognised totalled HK$2,022,508,000 at 31 March 2023 (2022: HK$1,957,054,000).

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

28. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Issued and fully paid:		
720,429,301 (2022: 720,429,301) ordinary shares	**1,519,301**	1,519,301

29. 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.

30. PARTLY-OWNED SUBSIDIARY WITH A MATERIAL NON-CONTROLLING INTEREST

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

	2023	2022
Percentage of equity interest held by non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**40%**	40%

	2023	2022
	HK$'000	*HK$'000*
Profit for the year allocated to non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**2,625**	390
Dividends paid to non-controlling interests of Guangzhou Honkwok Fuqiang Land Development Ltd.	**–**	–
Accumulated balances of non-controlling interest at the reporting dates:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**212,366**	248,237

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

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

Guangzhou Honkwok Fuqiang Land Development Ltd.

	2023	2022
	HK$'000	*HK$'000*
Revenue and other income	**13,537**	6,397
Total expenses	**(6,974)**	(5,422)
Profit for the year	**6,563**	975
Total comprehensive income/(loss) for the year	**(89,678)**	36,912
Current assets	**554,327**	641,968
Non-current assets	**419**	601
Current liabilities	**(23,831)**	(21,976)
Net cash flows from/(used in) operating activities	**68,882**	(51,688)
Net cash flows from investing activities	**761**	1,324
Net increase/(decrease) in cash and cash equivalents	**69,643**	(50,364)

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Certain additions of properties held for sale under development and completed properties held for sale of HK$17,324,000 (2022: HK$165,764,000) were not paid at the end of the reporting period and were recorded as accrued liabilities.

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$179,000 and HK$179,000, respectively, in respect of lease arrangements for properties (2022: HK$32,929,000 and HK$32,929,000).

During the year, the Group had non-cash transfer of development property to investment property of HK$413,471,000 (2022: Nil), in respect of the property arrangements for development property.

(b) Changes in liabilities arising from financing activities

2023

	Lease liabilities *HK$'000*	Interest-bearing bank borrowings *HK$'000*
At 1 April 2022	43,715	5,526,671
Changes from financing cash flows	(16,487)	721,908
New lease	179	–
Interest expense	1,189	–
Interest paid classified as operating cash flows	(1,189)	–
Exchange realignment	–	(123,180)
At 31 March 2023	27,407	6,125,399

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

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

2022

	Lease liabilities *HK$'000*	Interest-bearing bank borrowings *HK$'000*
At 1 April 2021	25,634	5,701,438
Changes from financing cash flows	(14,817)	(207,609)
New lease	32,929	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	(31)	–
Interest expense	1,706	–
Interest paid classified as operating cash flows	(1,706)	–
Exchange realignment	–	32,842
At 31 March 2022	43,715	5,526,671

(c) Total cash outflow for leases

	2023 *HK$'000*	2022 *HK$'000*
Within operating activities	**(6,629)**	(6,599)
Within financing activities	**(16,487)**	(14,817)
	(23,116)	(21,416)

32. CONTINGENT LIABILITIES

(a) As at 31 March 2023, the Group has given a guarantee of HK$487,500,000 (2022: Nil) to a bank in connection with a facility granted to a joint venture and such banking facility guaranteed by the Group to the joint venture was utilised to the extent of HK$237,500,000 (2022: Nil).

(b) As at 31 March 2023, the Group has given guarantees of HK$3,284,000 (2022: HK$15,146,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property ownership certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in 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 principals together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the years ended 31 March 2023 and 2022 for the guarantees.

33. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 24 to the financial statements.

34. COMMITMENTS

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

	2023	2022
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**260,293**	264,610

35. 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:

	Notes	**2023** **HK$'000**	2022 HK$'000
Management fees paid to the immediate holding company	*(i)*	**14,375**	13,746
Construction and repair costs paid to a related company	*(ii)*	**33,868**	19,415

Notes:

(i) The management fees were charged based on the underlying costs incurred by the immediate holding company in which Dr. James Sai-Wing Wong, a director of the Company, has beneficial interests.

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

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

35. RELATED PARTY TRANSACTIONS *(Continued)*

(b) 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 (2022: Nil) as at the end of the reporting period, as further detailed in note 32(a) to the financial statements.

(c) Compensation of key management personnel of the Group

	2023	2022
	HK$'000	*HK$'000*
Short term employee benefits	**39,836**	35,809
Post-employment benefits	**1,189**	1,005
	41,025	36,814

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

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

2023

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	–	–	10,884	10,884
Financial assets included in prepayments, deposits and other receivables	–	–	241,274	241,274
Financial assets at fair value through profit or loss	–	15,268	–	15,268
Financial asset at fair value through other comprehensive income	60,127	–	–	60,127
Amount due from a joint venture	–	–	3,200	3,200
Cash and bank balances	–	–	1,751,897	1,751,897
	60,127	15,268	2,007,255	2,082,650

36. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2022

Financial assets *(Continued)*

	2022 Financial assets at amortised cost *HK$'000*
Trade receivables	14,319
Financial assets included in prepayments, deposits and other receivables	220,093
Cash and bank balances	1,877,175
At end of year	2,111,587

Financial liabilities

	Financial liabilities at amortised cost	
	2023 ***HK$'000***	2022 *HK$'000*
Financial liabilities included in trade payables, other payables and accrued liabilities	**128,903**	206,029
Lease liabilities	**27,407**	43,715
Interest-bearing bank borrowings	**6,125,399**	5,526,671
Customer deposits	**84,367**	86,354
	6,366,076	5,862,769

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, amount due from a joint venture, financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss, customer deposits, financial liabilities included in trade payables, other payables and accrued liabilities, the current portion of interest-bearing bank borrowings and lease liabilities 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 and lease liabilities 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 2023 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted equity investments designated at fair value through other comprehensive income have been estimated on the basis of the investee's financial position and results as well as is determined by using going concern asset-based as valuation technique. 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, 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 Group invests in unlisted investments, which represent convertible loans issued by a private company in 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.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 March 2023:

	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 (2022: Nil)	5% (2022: N/A) increase/ (decrease) in account values would result in increase/ (decrease) in fair value by HK$233,000 (2022: N/A)
		Surrender charge	HK$936,000	5% (2022: N/A) increase/ (decrease) in surrender charge would result in increase/ (decrease) in fair value by HK$47,000 (2022: N/A)

37. 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:

As at 31 March 2023

	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 asset at fair value through other comprehensive income	–	–	60,127	60,127
Financial assets at fair value through profit or loss	3,671	7,862	3,735	15,268
	3,671	7,862	63,862	75,395

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

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

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**–**	–
Addition	**64,798**	–
Total losses recognised in the statement of profit or loss included in administrative expenses	**(936)**	–
	63,862	–

The Group did not have any financial liabilities measured at fair value as at 31 March 2023. The Group did not have any financial assets and liabilities measured at fair value as at 31 March 2022.

As at 31 March 2023, 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$4,561,621,000 (2022: HK$2,419,303,000) and lease liabilities (non-current portion) of HK$13,551,000 (2022: HK$23,711,000). 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 value 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 (2022: Nil).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and bank balances. 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.

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

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses by 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 future as may be necessary.

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***
2023		
If the Hong Kong dollar weakens against RMB	**5**	**(156)**
If the Hong Kong dollar strengthens against RMB	**5**	**156**

	Change in exchange rate *%*	Increase/ (decrease) in profit after tax and equity *HK$'000*
2022		
If the Hong Kong dollar weakens against RMB	5	(156)
If the Hong Kong dollar strengthens against RMB	5	156

38. 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 26 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$49,957,000 (2022: HK$16,325,000).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax and equity**
		HK$'000
2023		
Hong Kong dollar	**100**	**(22,998)**
RMB	**50**	**(3,685)**
Hong Kong dollar	**(100)**	**22,998**
RMB	**(50)**	**3,685**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity
		HK$'000
2022		
Hong Kong dollar	100	(26,341)
RMB	50	(3,225)
Hong Kong dollar	(100)	26,341
RMB	(50)	3,225

38. 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 table below shows 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 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial asset at fair value through other comprehensive income	60,127	–	–	–	60,127
Amount due from a joint venture	3,200	–	–	–	3,200
Trade receivables	–	–	–	10,884	10,884
Financial assets at fair value through profit or loss	15,268	–	–	–	15,268
Financial assets included in prepayments, deposits and other receivables					
– Normal*	241,274	–	–	–	241,274
Cash and bank balances	1,751,897	–	–	–	1,751,897
	2,071,766	–	–	10,884	2,082,650

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

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

As at 31 March 2022

	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	–	–	–	14,319	14,319
Financial assets included in prepayments, deposits and other receivables					
– Normal*	220,093	–	–	–	220,093
Cash and bank balances	1,877,175	–	–	–	1,877,175
	2,097,268	–	–	14,319	2,111,587

* *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".*

Guarantee given to a bank in connection with a facility granted to a joint venture with amount utilised of HK$237,500,000 (2022: Nil) as disclosed in note 32(a) to the financial statements which is not yet past due and there is no information indicating of default and, hence, is classified under stage 1 for measurement of ECLs.

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. 26% (2022: 56%) 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 2023 based on the carrying value of debts reflected in the financial statements. If based on the maturity dates as set out in the loan agreements, 25% (2022: 55%) of the Group's debts would mature in less than one year.

38. 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:

	2023				
	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	4,080	124,823	–	–	128,903
Lease liabilities	–	15,049	9,852	4,513	29,414
Interest-bearing bank borrowings	54,000	1,660,571	2,060,570	3,371,925	7,147,066
Customer deposits	84,367	–	–	–	84,367
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	3,284	–	–	–	3,284
Guarantees given to a bank in connection with a facility granted to a joint venture	237,500	–	–	–	237,500
	383,231	1,800,443	2,070,422	3,376,438	7,630,534

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

Liquidity risk *(Continued)*

			2022		
	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	4,044	201,985	–	–	206,029
Lease liabilities	–	21,272	16,205	7,511	44,988
Interest-bearing bank borrowings	66,000	3,130,809	1,098,070	1,450,175	5,745,054
Customer deposits	86,354	–	–	–	86,354
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	15,146	–	–	–	15,146
	171,544	3,354,066	1,114,275	1,457,686	6,097,571

In respect of interest-bearing bank borrowings of HK$54,000,000 (2022: HK$66,000,000), the loan agreements contain a repayment on demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans, the contractual undiscounted payments at 31 March 2023 for the interest-bearing bank borrowings in respect of the Group are HK$1,694,715,000 (2022: HK$3,203,700,000) payable within one year, HK$2,083,332,000 (2022: HK$1,120,578,000) payable in the second year, and HK$3,371,925,000 (2022: HK$1,472,356,000) payable beyond two years.

38. 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 2023 and 2022.

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 bank balances. The gearing ratios as at the end of the reporting periods were as follows:

	31 March 2023 *HK$'000*	31 March 2022 *HK$'000*
Interest-bearing bank borrowings	**6,125,399**	5,526,671
Lease liabilities	**27,407**	43,715
Less: Cash and bank balances	**(1,751,897)**	(1,877,175)
Net interest-bearing debt	**4,400,909**	3,693,211
Equity attributable to owners of the Company	**11,663,129**	12,264,190
Non-controlling interests	**213,388**	248,917
Total equity	**11,876,517**	12,513,107
Gearing ratio	**37%**	30%

39. EVENT AFTER THE REPORTING PERIOD

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

40. 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:

	2023	2022
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**12,225**	20,177
Investments in subsidiaries	**1**	1
Financial asset at fair value through profit or loss	**7,862**	–
Amounts due from subsidiaries	**57**	408,795
Total non-current assets	**20,145**	428,973
CURRENT ASSETS		
Amounts due from subsidiaries	**3,510,540**	3,460,648
Prepayments, deposits and other receivables	**38,903**	29,505
Financial assets at fair value through profit or loss	**7,406**	–
Time deposits	**2,000**	32,016
Cash and bank balances	**11,529**	38,254
Total current assets	**3,570,378**	3,560,423
CURRENT LIABILITIES		
Amounts due to subsidiaries	**1,788,626**	2,128,419
Trade payables, other payables and accrued liabilities	**10,252**	8,202
Interest-bearing bank borrowing	**60,000**	50,000
Lease liability	**6,517**	6,322
Total current liabilities	**1,865,395**	2,192,943
NET CURRENT ASSETS	**1,704,983**	1,367,480
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,725,128**	1,796,453
NON-CURRENT LIABILITY		
Lease liability	**2,472**	8,989
Net assets	**1,722,656**	1,787,464

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

	2023	2022
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,519,301**	1,519,301
Reserves *(note)*	**203,355**	268,163
Total equity	**1,722,656**	1,787,464

James Sing-Wai Wong
Director

Philip Bing-Lun Lam
Director

Note:

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

	Capital reserve	**Retained profits**	**Total reserves**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2021	647	340,445	341,092
Total comprehensive income for the year	–	17,125	17,125
Final 2021 dividend declared	–	(90,054)	(90,054)
At 31 March 2022 and 1 April 2022	647	267,516	268,163
Total comprehensive income for the year	–	25,246	25,246
Final 2022 dividend declared	–	(90,054)	(90,054)
At 31 March 2023	**647**	**202,708**	**203,355**

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 June 2023.

FIVE YEAR FINANCIAL SUMMARY

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				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**1,049,421**	1,106,278	1,276,226	638,477	1,478,353
PROFIT/(LOSS) FOR THE YEAR	**156,392**	91,763	123,184	(13,262)	1,300,562
Profit/(loss) attributable to:					
Owners of the Company	**153,423**	91,693	121,516	(35,946)	1,158,507
Non-controlling interests	**2,969**	70	1,668	22,684	142,055
	156,392	91,763	123,184	(13,262)	1,300,562

	As at 31 March				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**20,169,122**	20,538,520	20,393,005	19,860,918	19,536,834
TOTAL LIABILITIES	**(8,292,605)**	(8,025,413)	(8,183,211)	(8,357,557)	(7,468,277)
NET ASSETS	**11,876,517**	12,513,107	12,209,794	11,503,361	12,068,557
NON-CONTROLLING INTERESTS	**(213,388)**	(248,917)	(233,375)	(191,982)	(194,353)
SHAREHOLDERS' FUNDS	**11,663,129**	12,264,190	11,976,419	11,311,379	11,874,204

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 2023)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA							
1.	45-65 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	5,430 sq.m. (58,427 sq.ft.)	36,013 sq.m. (387,500 sq.ft.)	Internal finishing works in progress	2024	100
2.	67-107 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	4,025 sq.m. (43,309 sq.ft.)	41,366 sq.m. (445,098 sq.ft.)	Internal finishing works in progress	2024	100
HONG KONG							
3.	Rural Building Lot No. 1203 South Bay Road, Repulse Bay	Residential	21,173 sq.ft.	19,055 sq.ft.	Planning and design stage	2027	50
4.	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 *(%)*
MAINLAND CHINA					
5. Ganghui Huating (港滙華庭) 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
6. Botanica Phases 1, 2, 3 & 4 (寶翠園一、二、三及四期) Tian He District Guangzhou Guangdong Province	Commercial	6 ground floor shops	338 sq.m. (3,637 sq.ft.)	2,145	60
7. Metropolitan Oasis Phases 1, 2 & 3 (雅瑤綠洲第一、二及三期) Da Li District Nanhai Guangdong Province	Low density residential	7 apartment units and 8 town houses	3,655 sq.m. (39,328 sq.ft.)	758	100
8. Enterprise Square (僑城坊) Qiaoxiang Road North Nanshan District Shenzhen Guangdong Province	Composite	316 apartment units	36,537 sq.m. (393,138 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 *(%)*
MAINLAND CHINA					
9. City Square (城市天地廣場)/ The Bauhinia Hotel (Shenzhen) (寶軒酒店（深圳）) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium comprising hotel and commercial	20,308 sq.m. (218,514 sq.ft.)	162 hotel rooms	Medium term lease	100
10. 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
11. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	100
12. Chongqing Jinshan Shangye Zhongxin (重慶金山商業中心) Lot no. B-01-02 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office/Hotel	173,291 sq.m. (1,864,611 sq.ft.)	~300 hotel rooms	Medium term lease	100
13. Ganghui Dasha (港滙大廈) 3 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	13,053 sq.m. (140,450 sq.ft.)	–	Medium term lease	100

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 *(%)*
MAINLAND CHINA					
14. 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	128,356 sq.m. (1,381,110 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 *(%)*
HONG KONG					
15. 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
16. The Bauhinia (寶軒)/ The Bauhinia Hotel (Central) (寶軒酒店（中環）) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Hotel/Commercial	123,283 sq.ft.	112 apartment units and 42 hotel rooms with a total of 213 rooms	Long term lease	100
17. The Bauhinia Hotel (TST) (寶軒酒店（尖沙咀）) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Hotel/Commercial	60,893 sq.ft.	98 hotel rooms	Medium term lease	100
18. Digital Realty Kin Chuen (HKG11), 11 Kin Chuen Street Kwai Chung New Territories	Data centre	228,033 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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hon Kwok Land Investment Company, Limited (the "Company", together with its subsidiaries, the "Group") will be held at Artyzen Club, 401A, 4/F Shun Tak Centre (near China Merchants Tower), 200 Connaught Road Central, Hong Kong on Thursday, 31 August 2023 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditor's report for the year ended 31 March 2023.

2. To declare a final dividend for the year ended 31 March 2023.

3. To re-elect director(s) and to authorise the directors to fix the directors' remuneration.

4. To re-appoint auditor and to authorise the directors to fix the auditor's remuneration.

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

   "**THAT** the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to: (a) a rights issue where shares of the Company are offered for a period fixed by the directors to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (c) the exercise of any options under any share option scheme of the Company or similar arrangement for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (d) a specific authority granted by the shareholders of the Company in general meeting, the additional shares allotted, issued or dealt with (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the number of issued shares of the Company at the date of passing this Ordinary Resolution (subject to adjustment in the case of any conversion of all or any of the shares of the Company into a larger or smaller number of shares in accordance with Section 170(2)(e) of the Companies Ordinance after the passing of this Ordinary Resolution) and the said approval shall be limited accordingly.

For the purpose of this Ordinary Resolution, "Relevant Period" means the period from the passing of this Ordinary Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting is required by any applicable laws or the Company's Articles of Association to be held; and

(iii) the revocation or variation of the authority given under this Ordinary Resolution by an ordinary resolution of the shareholders in general meeting."

By Order of the Board
Ka-Yee Wan
Company Secretary

Hong Kong, 27 July 2023

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to represent respectively the number of shares held by such member, to attend and to speak and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be completed and deposited with the Company's share registrar, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

4. All the resolutions set out in this notice will be decided by poll.

5. With regard to resolution 3 in this notice, Mr. James Sing-Wai Wong ("Mr. Wong") and Mr. David Tak-Wai Ma ("Mr. Ma") shall retire by rotation at the meeting in accordance with article 104 of the articles of association of the Company (the "Articles of Association"). Mr. Wong and Mr. Ma, being eligible, will offer themselves for re-election at the meeting.

6. Details of the directors who stand for re-election at the meeting are set out below:–

James Sing-Wai Wong

Aged 59, an executive director of the Company. He was first appointed as a non-executive director of the Company in August 2017 and subsequently re-designated as an executive director of the Company in July 2018. 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 San Francisco, Hastings College of 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 of America ("United States"), Canada, the United Kingdom, and the Mainland China.

Mr. Wong is the Chairman and an executive director of Chinney Alliance Group Limited ("Chinney Alliance"), an executive director of Chinney Investments, Limited ("Chinney Investments") and Chinney Kin Wing Holdings Limited ("Chinney Kin Wing"). Chinney Investments, Chinney Alliance and Chinney Kin Wing are all listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also a director of certain subsidiaries of the Company.

Mr. Wong is a director of Lucky Year Finance Limited, Chinney Holdings Limited and Chinney Investments, all being substantial shareholders of the Company and deemed to be interested in the same parcel of 490,506,139 shares of the Company (representing 68.09% interests in the issued shares of the Company). He is also a director of Chinney Capital Limited which is a shareholder of the Company beneficially interested in 11,756,000 shares of the Company (representing 1.63% interests in the issued shares of the Company). He is the son of Dr. James Sai-Wing Wong, the Chairman and a substantial shareholder of the Company.

Mr. Wong was a director of Lion Mark Holdings Limited and Lion Foods Limited (collectively the "Lion Group") during the period from May 1995 to July 2007. Lion Group was incorporated in the United Kingdom and engaged in food manufacturing, processing and ingredient trading. Lion Group was put into administration proceedings on 10 October 2002. The entire business was sold by the administrators in the same year and Lion Group was subsequently dissolved in July 2007.

At the date of this report, Mr. Wong does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO"). Save as disclosed above, Mr. Wong does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

There is no service contract between the Company and Mr. Wong and he is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association. The remuneration of Mr. Wong will be determined by the Board with reference to his duties and responsibilities of the Group.

Save as disclosed above, there is no other information relating to Mr. Wong which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

6. Details of the directors who stand for re-election at the meeting are set out below:– *(Continued)*

David Tak-Wai Ma

Aged 65, was appointed as an independent non-executive director of the Company in August 2019. He is also the chairman of the remuneration committee of the Company. He is in real estate and capital market advisory business in Hong Kong, the greater China and Japan since 2016. Previously in 2000, Mr. Ma joined the Group and its affiliated company and then he acted as the deputy general manager of Hon Kwok Land Investment (China) Limited and director and general manager of Hon Kwok Project Management Limited until 2015, both companies are wholly owned subsidiaries of the Company. During Mr. Ma's tenure with the Group, he was actively involved in a joint-venture project with investment banks and investment funds in the Group's residential development project in Guangzhou. He was also instrumental to lead the Company's affiliated company to co-invest as limited partner in an investment project of LaSalle Investment Management Limited in Hangzhou. In addition, Mr. Ma successfully advised Grosvenor Asia Pacific in closing a luxury residential project (Chateau Pinnacle) in Shanghai for over RMB2 billion in 2009. Prior to joining the Group and its affiliated company, Mr. Ma has diverse business experiences in the regions of the Pacific Basin and the United States and has been intimately involved in hotel, food and beverage, shipping and real estate sectors from early 1980s. Mr. Ma held various senior positions in sizeable enterprises namely Miramar Hotel Group and Island Navigation Inc. (C.Y. Tung Group) in the 1980s' and was a director of investment at Associated Investment Ltd., the real estate arm of Taiwan Chinese Maritime Transport founded by the late C.Y. Tung, in which Mr. Ma was responsible for new investments in Greater China, Asia Pacific and the United States in the 1990s'.

Mr. Ma is a permanent honorary Premier of Hong Kong South China Athletic Association (SCAA). He was also a member of Hong Kong Rotary Club Admiralty Chapter.

He was raised in both Hong Kong and the United States and obtained his Bachelor of Business Administration's degree from university in the United States.

At the date of this report, Mr. Ma does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Ma does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. He does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Ma has entered into a letter of appointment with the Company. Pursuant to the letter of appointment, Mr. Ma is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association. Mr. Ma is entitled to a director's fee of HK$320,000 per annum which is based on the remuneration policy of the Group.

Save as disclosed above, there is no other information relating to Mr. Ma which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

7. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or after 7:00 a.m. on the date of the meeting, the meeting will be adjourned. The Company will post an announcement on the Company's website (http://www.honkwok.com.hk) and the HKEXnews website (http://www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting.

   The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situations.

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