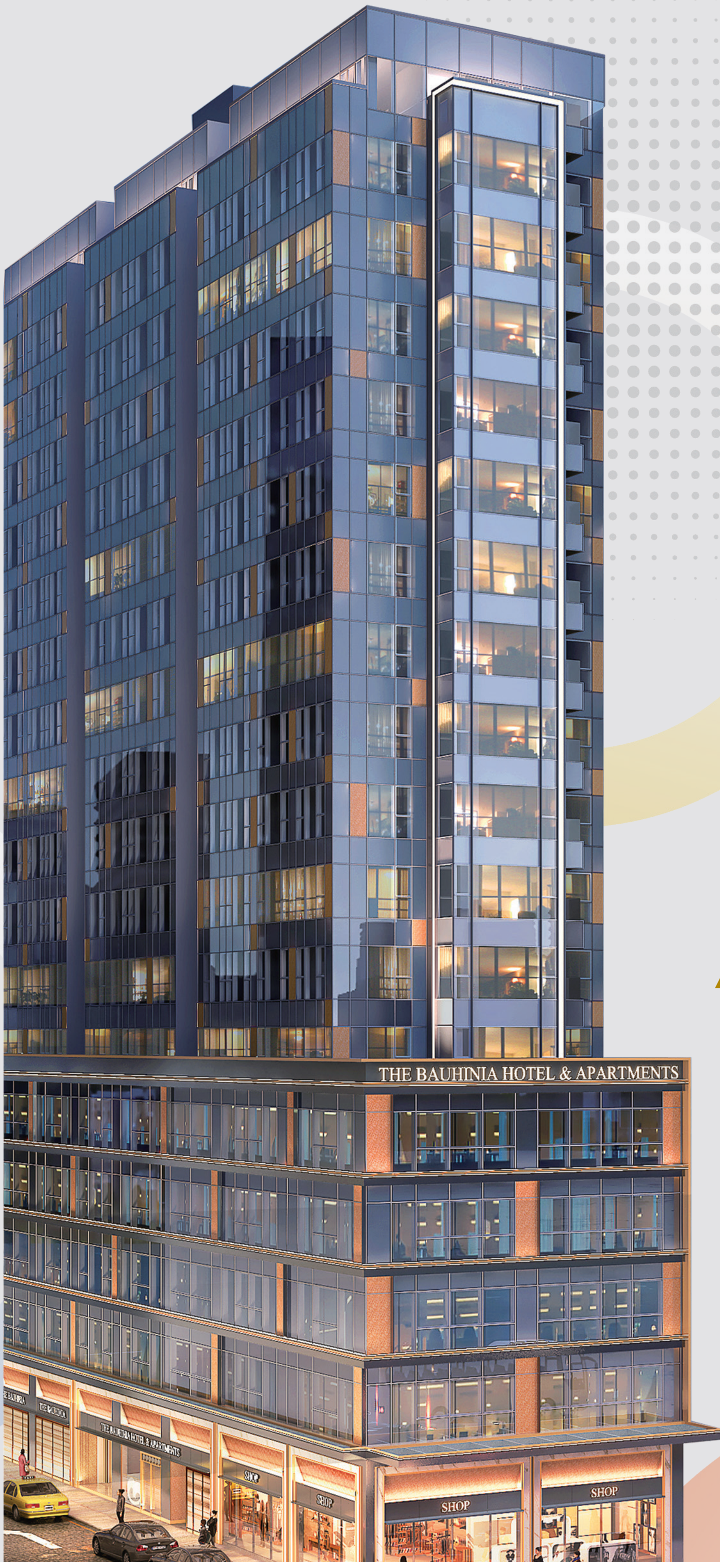
Chinney Investments, Limited

Stock Code: 216



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)*
Yuen-Keung Chan *(Vice Chairman and Managing Director)*
James Sing-Wai Wong
Paul Hon-To Tong
Emily Yen Wong
Richard Chi-Ho Lo*
Winfred Wai-Lap Fan*
Randall Todd Turney*

* *Independent non-executive directors*

AUDIT COMMITTEE

Winfred Wai-Lap Fan *(Chairman)*
Richard Chi-Ho Lo
Randall Todd Turney

REMUNERATION COMMITTEE

Winfred Wai-Lap Fan *(Chairman)*
Yuen-Keung Chan
Randall Todd Turney

NOMINATION COMMITTEE

Richard Chi-Ho Lo *(Chairman)*
Winfred Wai-Lap Fan
Randall Todd Turney
James Sing-Wai Wong
Yuen-Keung Chan

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

Tel	:	(852) 2877 3307
Fax	:	(852) 2877 2035
E-mail	:	general@chinneyhonkwok.com

STOCK CODE

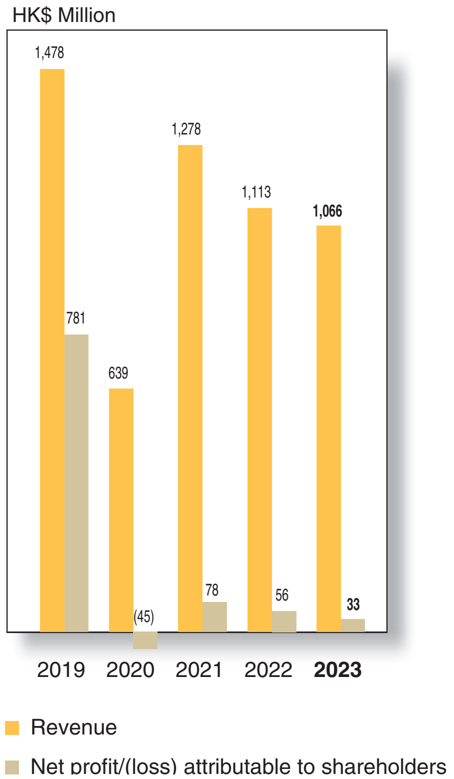
SEHK 216

WEBSITE

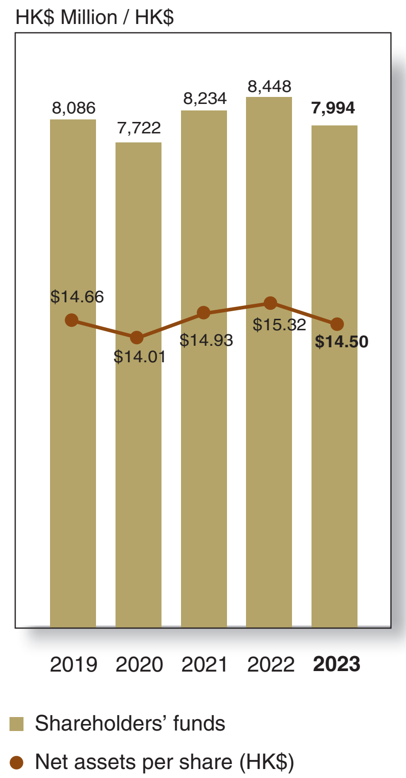
http://www.chinney.com.hk

FINANCIAL HIGHLIGHTS

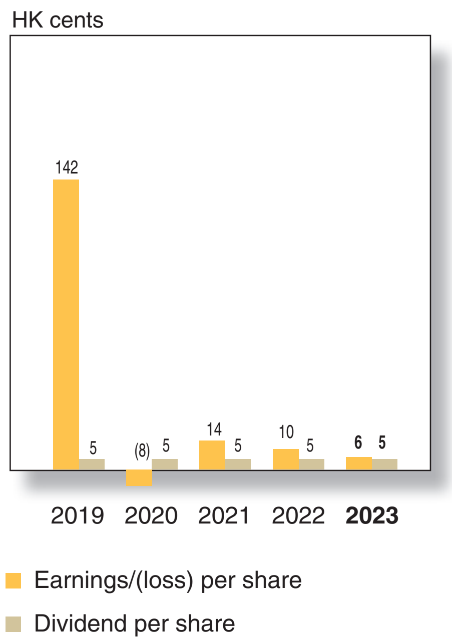
Revenue/
Net Profit/(Loss)



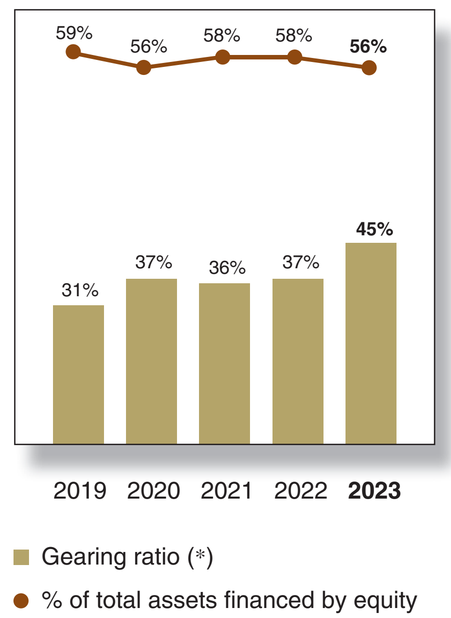
Shareholders' Funds/Net Assets per Share



Earnings/(Loss)/
Dividend per Share



Gearing/Equity Funding



(*) 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
15 Nexxus Jing'an 前社NEXXUS•靜安, held as investment property

Project under redevelopment plan

16 Zhongtang, Dongguan 東莞市中堂project (not shown above)

FINANCIAL RESULTS

The Group recorded consolidated revenue of HK$1,066 million for the year ended 31 March 2023 (2022: HK$1,113 million), with a net profit attributable to shareholders of HK$33 million (2022: HK$56 million). The slight decline in revenue was mainly due to a decrease in property sales recognised during the year, whereas the drop in net profit attributable to shareholders was resulting from the increase in finance costs and the decrease in share of profits of associates during the year. Nevertheless, the drop in profit was partially offset by the recognition of fair value gain upon transferring the Group's development properties to investment properties at the completion stage. Basic earnings per share was HK$0.06 (2022: HK$0.10).

As at 31 March 2023, shareholders' equity amounted to HK$7,994 million (as at 31 March 2022: HK$8,448 million) and net assets per share attributable to shareholders stood at HK$14.50 (as at 31 March 2022: HK$15.32). 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 depreciation of Renminbi against Hong Kong Dollars during the year.

DIVIDEND

The directors recommend payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2023 (2022: 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, dividend cheques are expected to be despatched to shareholders on or before 10 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

1. Property

The Group continues to focus on property development and property investment businesses, mainly conducted by Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160), a 68.09% owned subsidiary listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and its subsidiaries ("Hon Kwok Group"), based in Shenzhen, Guangzhou, Chongqing and Hong Kong. To optimise its assets and diversify its property portfolio, the Group acquired a property in Jing'an, Shanghai in 2022, currently held for investment and earning rental income.

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

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

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

Guangzhou, PRC *(Continued)*

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)*

1. Property *(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)*

1. **Property** *(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 Hon Kwok 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 totalled HK$359 million (2022: HK$601 million). Net profit attributable to Hon Kwok 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)*

1. Property *(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

Shanghai, PRC

Nexxus Jing'an 前社NEXXUS•靜安, situated at Xikang Road, Shanghai, is a completed 4-storey commercial premises with total gross floor area of approximately 6,660 sq.m.. Newly acquired in January 2022, the property maintained an average occupancy rate of approximately 90% during the year ended 31 March 2023.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development and Investment – Hong Kong

Digital Realty Kin Chuen (HKG11), is situated at Kin Chuen Street, Kwai Chung, New Territories. This data centre represents the Group's strategic investment to diversify its property portfolio. With a gross floor area of approximately 228,000 sq.ft., the building comprises of 12-storeys above ground and a 2-level basement. Designed to a high-level UTI Tier III data centre standard, it provides high quality facility in Hong Kong and 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.

Digital Realty Kin Chuen (HKG11)

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)*

1. Property *(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, Hon Kwok 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 (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$15,721 million as at 31 March 2023 (as at 31 March 2022: HK$15,923 million), comprised of Mainland China portfolio of HK$10,417 million and Hong Kong portfolio of HK$5,304 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$29 million for the year ended 31 March 2023 (2022: decrease of HK$54 million) to reflect the fair value of investment properties in Hong Kong and Mainland China.

BUSINESS REVIEW *(Continued)*

2. Property under redevelopment plan

The development project at Douchizhou, Zhongtang Town, Dongguan of which the Group owns a 30% interest, covers a site area of approximately 19,000 sq.m. and a gross floor area of approximately 58,000 sq.m.. A portion of the residential units have been launched to the market for pre-sales and construction works are expected to be completed in 2023.

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance") (Stock Code: 385), a 29.1% owned associate listed on the Main Board of the Stock Exchange, recorded revenue of HK$5,898 million (2021: HK$6,800 million) and net loss attributable to its shareholders of HK$10.2 million (2021: profit of HK$77.4 million) for the year ended 31 December 2022.

Chinney Alliance's foundation piling and ground investigation businesses are conducted by Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock Code: 1556), a 74.5% owned subsidiary listed on the Main Board of the Stock Exchange. Chinney Kin Wing contributed revenue of HK$1,801 million (2021: HK$2,042 million) and operating profit of HK$116.2 million (2021: HK$81.7 million). The decrease in revenue was due to completion of some sizeable foundation contracts during the year while the newly awarded contracts were at their early stage of construction. Gross profit and gross margin improved as a result of better contract prices achieved and the persistent efforts in stringent project cost control.

The building construction division, engaged in superstructure construction works, contributed revenue of HK$948 million (2021: HK$1,120 million) and recorded an operating loss of HK$21.4 million (2021: loss of HK$41.5 million). While the Hong Kong division attained a slight profit, the Macau division recorded a loss due to lack of new projects awarded and additional costs incurred for site works. Nevertheless, it is expected more new tenders will be available in the market after the renewal of gaming licenses and reopening of the border in Macau.

Foundation piling works at Hong Kong Science Park

Contract Works-The Hong Kong Polytechnic University-PaoYue-Kong Library

BUSINESS REVIEW *(Continued)*

3. Construction and Trading *(Continued)*

The building-related contracting services division, engaged in electrical, HVAC, fire services and pump and drainage businesses, achieved revenue of HK$2,349 million (2021: HK$2,684 million) and operating profit of HK$11.5 million (2021: HK$82.0 million). Operating profit declined due to the delay in work progress of major projects and the additional costs incurred under the impacts of pandemic. In the year ahead, it is anticipated that project works will have to be accelerated to catch up with the expected completion dates. Meanwhile, the management continued to review labour costs and overheads to improve efficiency as well as the profitability.

The aviation division contributed revenue of HK$350 million (2021: HK$382 million) and an operating profit of HK$7.4 million (2021: HK$13.4 million). The drop in revenue and operating profit was resulting from the delay in progress of the division's airport and related projects as well as the related additional costs incurred. The management will continue to explore tender opportunities to expand the business in Hong Kong and Macau.

The plastic and chemical products division generated revenue of HK$451 million (2021: HK$572 million) and operating profit of HK$7.6 million (2021: HK$25.5 million). Under the prevailing market condition caused by the soaring inflation, rising interest rates and geographic conflicts, the plastic trading customers were cautious in placing orders and kept stock at a low level. On the other hand, the sales of disinfectant product "JcoNAT" accelerated as the general public are more cautious to personal hygiene. All in all, the management will explore more green plastic products and new wellness products to expand its product range.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

Aged 85, was appointed as a director and the Chairman of the Company in 1987. Dr. James Sai-Wing Wong ("Dr. Wong") is a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), both being substantial shareholders of the Company. He is also the Chairman of Hon Kwok and was the Chairman of Chinney Alliance until he retired in June 2023, and was re-designated as Founding Chairman of Chinney Alliance since then. Both Hon Kwok 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.

Yuen-Keung Chan

Aged 68, was appointed as the Vice Chairman, the Managing Director and executive director of the Company in 2018. Mr. Chan is also the Vice Chairman, the Managing Director and executive director of Chinney Alliance and the Chairman and an executive director of Chinney Kin Wing. He was an executive director of Hon Kwok during the period from January 2007 to July 2018. Hon Kwok, Chinney Alliance and Chinney Kin Wing are all listed on the Main Board of the Stock Exchange. He is also a director of various subsidiaries and associates of the Company. He has over 45 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

James Sing-Wai Wong

Aged 59, was appointed as an executive director of the Company in August 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"), Canada, the United Kingdom, and the Mainland China.

Mr. Wong is a director of Chinney Holdings and Lucky Year, both of which are substantial shareholders of the Company. Mr. Wong is an executive director of Hon Kwok and Chinney Kin Wing, and an executive director and the Chairman of Chinney Alliance. Hon Kwok, 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.

DIRECTORS *(Continued)*

Paul Hon-To Tong

Aged 77, was appointed as a non-executive director of the Company in 2010. He has many years of senior management experience in manufacturing and trading businesses with global operations. He was formerly executive vice president and general counsel of Johnson Electric Holdings Limited. He also served for many years as a member of the Board of Review (Inland Revenue Ordinance) Hong Kong. From 2007 to 2021, he was a non-executive director of Wing Tai Holdings Limited, which is listed on the Singapore Stock Exchange. He obtained his BSc (Economics) and postgraduate certificate of Management Studies from the University of London and the University of Oxford in England respectively. He was admitted as a barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He is also a member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators).

Emily Yen Wong

Aged 57, was appointed as a non-executive director of the Company in August 2017. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a Diplomate of the American Board of Internal Medicine.

Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Li Ka Shing Faculty of Medicine and is the Past Chief of Medical Staff at the University of Washington Medical Center.

Dr. Emily Wong was a director of Hon Kwok during the period from November 2011 to August 2017. Hon Kwok is listed on the Main Board of the Stock Exchange.

Dr. Emily Wong is a director of Lucky Year and Chinney Holdings, both of which are substantial shareholders of the Company. She is the daughter of Dr. Wong who is the Chairman and a substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Richard Chi-Ho Lo

Aged 55, was appointed as an independent non-executive director of the Company in 2017. He is also the Chairman of the Nomination Committee of the Company. He obtained his Bachelor of Arts degree in Economics from the University of California, Los Angeles in the United States, Master of Business Administration (Investment and Finance) degree from the University of Hull in the United Kingdom, and an Executive Program Certificate from Stanford University Graduate School of Business in the United States and a Sustainability Leadership Program Certificate from University of Cambridge in the United Kingdom. Mr. Lo has over 30 years of experience in the investment and real estate industry. He is currently the President of Fulldiamond Group, an investment and consulting company specializing in real estate, finance, securities, project and fund raising. Mr. Lo is the vice president cum chairman of Business Development Committee of The Hong Kong Real Property Federation, founder and vice president of the World Outstanding Chinese Youth Association and a member of the Hong Kong Pei Hua Education Foundation. He is also a committee member of the Chinese People's Political Consultative Conference Jiangxi Provincial Committee. Mr. Lo is an independent non-executive director of Shi Shi Services Limited (formerly known as Heng Sheng Holdings Limited) (Stock Code: 8181) which is listed on GEM of the Stock Exchange.

Winfred Wai-Lap Fan

Aged 52, was appointed as an independent non-executive director of the Company in August 2019. He is also the Chairman of both the Remuneration Committee and the Audit Committee of the Company. He is a senior executive and entrepreneur with over a decade of experience as chief executive officer, chief financial officer and advisor of businesses in technology, manufacturing, real estate and retail in the Australia and New Zealand and Asia-Pacific region. Prior to moving back to Hong Kong in 2015, Mr. Fan spent the first two decades of his career in Melbourne, firstly at a leading accounting and advisory firm in Australia where he acted as a key change agent working closely with clients in different industries helping them to restructure and grow. He then held senior positions at a number of retail, manufacturing and IT companies. Mr. Fan has been the chief financial officer then chief executive officer of Anywhere Networks, a global wireless and networking technology company headquartered in Hong Kong since 2015.

Mr. Fan is a Chartered Accountant with a Bachelor of Commerce from Monash University, Melbourne. He is a member of the Chartered Accountants Australia and CPA Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Randall Todd Turney

Aged 60, was appointed as an independent non-executive director of the Company in August 2021. Mr. Turney brings broad exposure and knowledge of the financial industry, having spent over 35 years in banking, trade finance, and investment management. He is currently Executive Director of Arrow Capital Limited ("Arrow Capital"), an asset management business he co-founded in 2004. Until March 2022, Arrow Capital was licensed and regulated by the Securities and Futures Commission Hong Kong (SFC) and managed assets for multiple family offices. Arrow Capital invests capital across multi-asset classes including currencies, fixed income, global equities, commodities, hedge funds, private equity, and real estate with a strong focus on risk management.

Mr. Turney started his investment management career at Salomon Brothers in 1992 (New York/Hong Kong) with a primary focus on emerging markets. In 1995, he joined Goldman Sachs (Singapore/Hong Kong/Australia), where he worked for the next decade, building and leading a wealth management team advising and investing for families and firms throughout Asia, Australia/New Zealand, and Africa. He was recruited out of Goldman Sachs to be the Chief Investment Officer for the family office of a wealthy Hong Kong-based industrialist, which he held for 6 years.

Mr. Turney spent the early years of his career in commercial banking engaging multinational corporate entities, advising on corporate finance, financing global trade, and foreign investment with NationsBank (now Bank of America) in the USA and Asia.

Mr. Turney holds a Bachelor of Science Management degree from Tulane University, New Orleans, Louisiana, USA.

SENIOR MANAGEMENT

Kai-Nor Siu

Aged 57, joined the Company in 2005 and is the Financial Controller of the Company and Director of Finance of Hon Kwok. She is also a 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.

Calvin Ming-Yui Ng

Aged 51, joined the Company in 2010 and is currently the Director – Corporate Finance & Business Development of the Company and of Hon Kwok. 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 The University of Hong Kong 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.

Ka-Yee Wan

Aged 49, was appointed as the Company Secretary of the Company in May 2018. She is also the Company Secretary of Hon Kwok. 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).

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)*
Yuen-Keung Chan *(Vice Chairman and Managing Director)*
James Sing-Wai Wong

Non-Executive Directors

Paul Hon-To Tong
Emily Yen Wong

Independent Non-Executive Directors

Richard Chi-Ho Lo
Winfred Wai-Lap Fan
Randall Todd Turney

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 16 to 20 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 Emily Yen Wong is the daughter of and 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, five out of the eight directors are non-executive directors, among them, three 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 position of the Chairman and the Managing Director are held by two different individuals.

Dr. Wong is the Chairman whereas Yuen-Keung Chan is the Managing Director of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Managing Director bears executive responsibility for the business and the management of the day-to-day operations of the Company.

NOMINATION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

The nomination, appointment and re-election of the directors 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.

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.

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

The Chairman and the Managing Director will not be subject to retirement by rotation; which deviates from CG Code provision B.2.2, which stipulate that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, as the Board considers that the continuity of office of the Chairman and the Managing Director provide 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, Paul Hon-To Tong and Winfred Wai-Lap Fan shall retire by rotation at the forthcoming annual general meeting. Winfred Wai-Lap Fan, being eligible, will offer himself for re-election while Paul Hon-To Tong has notified the Board that he has decided not to stand for re-election and will retire as a non-executive director of the Company upon conclusion of the forthcoming annual general meeting.

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
Yuen-Keung Chan	A, B
James Sing-Wai Wong	A, B
Non-Executive Directors	
Paul Hon-To Tong	A, B
Emily Yen Wong	A, B
Independent Non-Executive Directors	
Richard Chi-Ho Lo	A, B
Winfred Wai-Lap Fan	A, B
Randall Todd Turney	A, B

A: attending seminars/conferences/forums
B: reading newspapers, journals and updates relating to the economy, general business, investment, 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 Winfred Wai-Lap Fan and Randall Todd Turney and one executive director, namely Yuen-Keung Chan. The Chairman of the Remuneration Committee is Winfred Wai-Lap Fan.

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 Winfred Wai-Lap Fan, Richard Chi-Ho Lo and Randall Todd Turney and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is Winfred Wai-Lap Fan. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- to review and monitor financial reporting and the reporting judgement contained in them; and

- to review financial and internal controls, accounting policies and practices with management and external auditor.

AUDIT COMMITTEE *(Continued)*

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

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

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

NOMINATION COMMITTEE

The Nomination Committee was established in 2021. The Nomination Committee currently comprises three independent non-executive directors, namely Richard Chi-Ho Lo, Winfred Wai-Lap Fan and Randall Todd Turney and two executive directors, namely James Sing-Wai Wong and Yuen-Keung Chan. The Chairman of the Nomination Committee is Richard Chi-Ho Lo.

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.

Gender

Female	Male
1 director	7 directors

Age Group

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

Length of services with Board

5 years or below	6 to 10 years	11 to 20 years	over 20 years
4 directors	2 directors	1 director	1 director

Capacity

Executive Director	Non-Executive Director	Independent Non-Executive Director
3 directors	2 directors	3 directors

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. The Group provides equal opportunity to all employees and does not discriminate on the grounds of gender, race, age, nationality, religion, sexual orientation, disability and any other aspects of diversity. As at 31 March 2023, the workforce (including senior management) are approximately in the 1:0.77 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*
Yuen-Keung Chan	4	1	2	2	1	1
James Sing-Wai Wong	3	N/A	N/A	2	1	0*
Paul Hon-To Tong	4	N/A	N/A	N/A	1	1
Emily Yen Wong	4	N/A	N/A	N/A	1	0*
Richard Chi-Ho Lo	4	N/A	2	2	1	1
Winfred Wai-Lap Fan	4	1	2	2	1	1
Randall Todd Turney	3	1	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 and Emily Yen Wong, being the son and the daughter of Dr. Wong respectively, 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	4,407
Non-audit services (tax compliance services and other services)	345
	4,752

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 49 to 54 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 was 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 is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

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 55 to 164.

BUSINESS REVIEW

The Group is principally engaged in the businesses of (i) property development, (ii) property investment and (iii) property and carpark management. The Group targets to generate stable and recurrent rental income from investment properties to help cover its operating overheads and expenses whereas property sales will enhance additional cash inflows to the Group.

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 15 and an analysis using financial key performance indicators are set out in the "Financial Highlights" on page 3 of this annual report. The Group's financial risk management objectives and policies are set out in note 41 to the financial statements. Details of important event(s) occurred after the reporting period are set out in note 42 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 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 4.1% to HK$1,066 million in the year under review from HK$1,113 million in last year. 54.4% of the Group's revenue was generated from the sales of properties (2022: 56.9%), 40.9% from property rental (2022: 39.6%) and 4.7% from property, carpark management and others segment (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 remained stable.

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$7,262 million as at 31 March 2023 (2022: HK$6,677 million), of which approximately 29% (2022: 57%) of the debts were classified as current liabilities. Included therein were debts of HK$22 million related to bank and other 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 13%.

Total cash and bank balances including time deposits were approximately HK$1,850 million as at 31 March 2023 (2022: HK$2,000 million). The Group had committed but undrawn banking facilities of a total of approximately HK$618 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2023 were approximately HK$7,994 million (2022: HK$8,448 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$5,412 million (2022: HK$4,676 million) over total shareholders' funds plus non-controlling interests totalling of approximately HK$11,929 million (2022: HK$12,610 million), was 45% as at 31 March 2023 (2022: 37%).

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$16,475 million as at 31 March 2023 and shares in certain subsidiaries 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 35 to the financial statements.

Employees and remuneration policies

The Group, not including its associates and joint ventures, employed approximately 370 employees as at 31 March 2023 (as at 31 March 2022: 370). 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 5 Hong Kong cents per ordinary share for the year ended 31 March 2023 (2022: 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, dividend cheques are expected to be despatched to shareholders on or before 10 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 165. 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$694,549,000, of which HK$27,568,000 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 herein 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 any of 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
Yuen-Keung Chan
James Sing-Wai Wong
Paul Hon-To Tong
Emily Yen Wong
Richard Chi-Ho Lo*
Winfred Wai-Lap Fan*
Randall Todd Turney*

* *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, Philip Bing-Lun Lam, Kevin Chun-Ho Lau, Stephen Chun-Piu Lee, Xiao-Ping Li, Wei Luo, Calvin Ming-Yui Ng, Siu-Kai Ng, Ke Qiu, Kai-Nor Siu, Richalle Chia-Ti Wee, May-Kwan Yim, 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, Paul Hon-To Tong and Winfred Wai-Lap Fan shall retire by rotation at the forthcoming annual general meeting. Winfred Wai-Lap Fan, being eligible, will offer himself for re-election while Paul Hon-To Tong has notified the Board that he has decided not to stand for re-election and will retire as a non-executive director of the Company upon conclusion of the forthcoming annual general meeting.

The proposed re-election of Winfred Wai-Lap Fan 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 Winfred Wai-Lap Fan, 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, Mr. Fan remained independent in accordance with Rule 3.13 of the Listing Rules.

In addition, the Nomination Committee had evaluated the performance of Winfred Wai-Lap Fan and is of the view that Mr. Fan has provided valuable contributions to the Company and has demonstrated his abilities to provide independent, balanced and objective views to the Company's affairs. The Nomination Committee is also of the view that Mr. Fan would bring to the Board his own perspective, skills and experience, as further described in his biography as set out on page 18 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 Winfred Wai-Lap Fan 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 16 to 20 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 26. Details of the directors' remuneration are set out in note 8 to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 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	341,439,324	61.93
	1	Beneficially owned	480,000	0.09

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

(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*	Hon Kwok	Through controlled corporations	502,262,139	69.72
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporations	438,334,216	73.68
	1 & 6	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 & 7	Chinney Trading Company Limited ("Chinney Trading")	Through controlled corporations	7,150	55.00

Notes:

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

2. *These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. Dr. Wong is a director of Lucky Year and has beneficial interests therein.*

3. *Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by the Company. By virtue of note 2, Dr. Wong is deemed to be interested in these shares. The remaining 11,756,000 shares are held by Chinney Capital Limited of which Dr. Wong is a director and has beneficial interests therein.*

4. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is paid up by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.*

5. *Out of the 438,334,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 265,240,521 shares are held by companies controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

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

7. *Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of Hon Kwok and 4,550 shares are held by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.*

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

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.

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 (other than the directors of the Company) 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	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Chinney Holdings	Directly beneficially owned	341,439,324	61.93
Lucky Year	Through controlled corporation	341,439,324	61.93

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.

Save as disclosed herein, as at 31 March 2023, none of the substantial shareholders or other persons (other than the directors of the Company) 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 Hon Kwok, 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 the Company is interested in approximately 68.09% of the issued shares of Hon Kwok 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 the Company, Hon Kwok and Chinney Alliance, the related transaction constituted a connected transaction for each of the Company, Hon Kwok and Chinney Alliance under the Listing Rules. The transaction was approved by the independent shareholders of the Company, Hon Kwok 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 the Company, Hon Kwok 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 Hon Kwok, 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 the Company is interested in approximately 68.09% of the issued shares of Hon Kwok 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 the Company, Hon Kwok and Chinney Alliance, the related transactions constituted connected transactions for each of the Company, Hon Kwok and Chinney Alliance under the Listing Rules. The transactions were approved by the independent shareholders of the Company, Hon Kwok 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 the Company, Hon Kwok 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 Hon Kwok, 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 the Company to continue to (i) be the major beneficial ultimate shareholder of Hon Kwok; (ii) hold not less than 30% effective shareholding of Hon Kwok; and (iii) maintain management control of Hon Kwok; and (2) Dr. Wong, the Chairman of both Hon Kwok and the Company, or his family members or his designated trust beneficiary shall continue to collectively remain as the major beneficial ultimate shareholder of the Company.

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.

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

(b) In March 2020, Vast Champ Investment Limited (the "Offshore Borrower"), an indirect wholly-owned subsidiary of Hon Kwok, 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.

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

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 October 2020, Chinney Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into an agreement (the "HK$800 million Facilities Agreement") relating to HK$800 million term and revolving loan facilities (the "HK$800 million Loan Facilities") with a syndicate of banks. The HK$800 million Loan Facilities have a term of 48 months commencing from the date of the HK$800 million Facilities Agreement and are to be used for refinancing the existing loans facilities with outstanding balance of HK$500 million and financing the Group's general corporate funding requirements.

Pursuant to the HK$800 million Facilities Agreement, it shall be an event of default if Dr. Wong, the Chairman of the Company, and/or his family members collectively cease to (i) maintain management control over the Company; or (ii) remain as the major beneficial ultimate shareholder of the Company; or (iii) hold (whether directly or indirectly) at least 50% of equity interest in the Company (within the meaning of Part XV of the SFO).

If an event of default under the HK$800 million Facilities Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK$800 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$800 million Loan Facilities to be immediately due and payable.

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

(d) In February 2023, Hon Kwok Treasury Limited, a wholly-owned subsidiary of Hon Kwok, 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 will 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 Hon Kwok Group. The Loan Facilities have a term of 48 months commencing from the date of the Facility Agreement.

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

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 was 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, 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 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 businesses 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$158,000.

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
Yuen-Keung Chan
Vice Chairman and Managing Director

Hong Kong, 29 June 2023

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To the members of Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Chinney Investments, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 164, 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$15,721 million, with net gains arising from fair value change recognised in the consolidated statement of profit or loss of approximately HK$34 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 15 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 references to the market unit selling price of comparable properties nearby and the rental value of existing tenancies, by benchmarking against market values of comparable properties and checking the relevant tenancy agreements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for 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 20 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 sale 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.

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

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.

- 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.

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

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	**1,066,412**	1,112,501
Cost of sales		**(495,765)**	(514,832)
Gross profit		**570,647**	597,669
Other income and gains, net	5	**45,680**	60,385
Fair value losses on investment properties, net		**(64,697)**	(127,429)
Fair value gain on transfer of development property to investment property		**98,973**	–
Gain on disposal of subsidiaries	7	**–**	32,937
Administrative and other operating expenses, net		**(177,012)**	(210,891)
Finance costs	6	**(266,478)**	(178,411)
Share of profits of associates		**23,324**	54,496
PROFIT BEFORE TAX	7	**230,437**	228,756
Income tax expense	10	**(145,529)**	(133,215)
PROFIT FOR THE YEAR		**84,908**	95,541
Attributable to:			
Owners of the Company		**32,975**	55,704
Non-controlling interests		**51,933**	39,837
		84,908	95,541
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	12	**HK$0.06**	HK$0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
PROFIT FOR THE YEAR		**84,908**	95,541
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 associates		**(32,590)**	16,010
Exchange differences on translation of foreign operations		**(676,556)**	287,764
Release of exchange fluctuation reserve upon disposal of subsidiaries	*33*	**–**	(12,830)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(709,146)**	290,944
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(624,238)**	386,485
Attributable to:			
Owners of the Company		**(427,228)**	241,665
Non-controlling interests		**(197,010)**	144,820
		(624,238)	386,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**256,148**	305,739
Goodwill	*16*	**54,553**	54,553
Investment properties	*15*	**15,721,045**	15,922,780
Investments in joint ventures	*17*	**393,129**	199
Investments in associates	*18*	**1,271,406**	1,285,431
Financial assets at fair value through other comprehensive income	*19*	**76,527**	11,685
Financial assets at fair value through profit or loss	*24*	**7,862**	–
Total non-current assets		**17,780,670**	17,580,387
CURRENT ASSETS			
Tax recoverable		**3,569**	436
Properties held for sale under development and completed properties held for sale	*20*	**1,422,423**	1,957,931
Trade receivables	*21*	**10,930**	14,319
Contract costs		**9,364**	17,451
Prepayments, deposits and other receivables	*22*	**322,446**	274,198
Financial assets at fair value through profit or loss	*24*	**9,297**	–
Amount due from a joint venture	*17*	**3,200**	–
Cash and bank balances	*23*	**1,850,107**	2,000,408
Total current assets		**3,631,336**	4,264,743
CURRENT LIABILITIES			
Trade payables, other payables, accrued liabilities and others	*25*	**142,975**	240,348
Interest-bearing bank and other borrowings	*27*	**2,077,095**	3,791,084
Lease liabilities	*14*	**13,856**	20,004
Contract liabilities	*26*	**269,880**	421,238
Customer deposits		**84,367**	86,354
Tax payable		**320,497**	309,135
Total current liabilities		**2,908,670**	4,868,163
NET CURRENT ASSET/(LIABILITIES)		**722,666**	(603,420)
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,503,336**	16,976,967

	Notes	**2023** **HK$'000**	2022 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*27*	**5,157,498**	2,841,986
Lease liabilities	*14*	**13,551**	23,711
Deferred tax liabilities	*28*	**1,403,058**	1,501,494
Total non-current liabilities		**6,574,107**	4,367,191
Net assets		**11,929,229**	12,609,776
EQUITY			
Equity attributable to owners of the Company			
Share capital	*29*	**405,411**	405,411
Reserves	*30*	**7,588,159**	8,042,955
		7,993,570	8,448,366
Non-controlling interests		**3,935,659**	4,161,410
Total equity		**11,929,229**	12,609,776

James Sing-Wai Wong
Director

Yuen-Keung Chan
Director

	Attributable to owners of the Company							
	Share capital	Other reserve##	Asset revaluation reserve#	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2021	405,411	476,665	103,928	144,802	7,103,463	8,234,269	4,060,400	12,294,669
Profit for the year	–	–	–	–	55,704	55,704	39,837	95,541
Other comprehensive income for the year:								
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	–	–	(11,595)	–	(11,595)	(1,235)	(12,830)
Exchange differences on translation of foreign operations	–	–	–	197,556	–	197,556	106,218	303,774
Total comprehensive income/(loss) for the year	–	–	–	185,961	55,704	241,665	144,820	386,485
Disposal of subsidiaries (note 33)	–	(36,415)	–	–	36,415	–	(16,068)	(16,068)
Disposal of investment properties	–	–	(12,763)	–	12,763	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	999	999
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(28,741)	(28,741)
Final 2021 dividend declared	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2022	405,411	440,250*	91,165*	330,763*	7,180,777*	8,448,366	4,161,410	12,609,776

	Attributable to owners of the Company							
	Share capital	Other reserve##	Asset revaluation reserve#	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2022	405,411	440,250	91,165	330,763	7,180,777	8,448,366	4,161,410	12,609,776
Profit for the year	–	–	–	–	32,975	32,975	51,933	84,908
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	–	–	–	(460,203)	–	(460,203)	(248,943)	(709,146)
Total comprehensive income/(loss) for the year	–	–	–	(460,203)	32,975	(427,228)	(197,010)	(624,238)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(28,741)	(28,741)
Final 2022 dividend declared	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2023	**405,411**	**440,250***	**91,165***	**(129,440)***	**7,186,184***	**7,993,570**	**3,935,659**	**11,929,229**

The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value. In accordance with HKAS 16, the balance was frozen and was not available to offset the current and future years' revaluation deficits on investment properties until the retirement or disposal of these assets.

Other reserve included (i) the share of equity component of a convertible bond issued by a subsidiary of Chinney Alliance Group Limited ("Chinney Alliance"), an associate of the Group and (ii) the difference between the consideration and the net asset value of the partial disposal of subsidiaries without loss of control.

* *These reserve accounts comprise the consolidated reserves of HK$7,588,159,000 (2022: HK$8,042,955,000) in the consolidated statement of financial position.*

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**230,437**	228,756
Adjustments for:			
Finance costs	6	**266,478**	178,411
Share of profits of associates		**(23,324)**	(54,496)
Bank interest income	5	**(17,983)**	(13,211)
Depreciation		**25,421**	30,901
Fair value losses on investment properties, net	7	**64,697**	127,429
Fair value gain on transfer of development property to investment property	7	**(98,973)**	–
Fair value losses on financial assets at fair value through profit or loss	7	**3,481**	–
Gain on disposal of items of property, plant and equipment, net	7	**(57)**	(25,643)
Gain on disposal of subsidiaries	7	**–**	(32,937)
Loss on disposal of investment properties	7	**–**	4,491
		450,177	443,701
Decrease in properties held for sale under development and completed properties held for sale		**36,903**	87,329
Increase in trade receivables, prepayments, deposits and other receivables		**(45,620)**	(120,986)
Decrease/(increase) in contract costs		**7,626**	(118)
Decrease in trade payables, other payables, accrued liabilities and others		**(23,637)**	(4,313)
Increase/(decrease) in customer deposits		**1,752**	(7,260)
Increase/(decrease) in contract liabilities		**(137,268)**	47,522
Cash generated from operations		**289,933**	445,875
Interest paid		**(1,189)**	(1,705)
Hong Kong profits tax paid		**(534)**	(196)
Overseas taxes paid		**(133,373)**	(176,243)
Net cash flows from operating activities		**154,837**	267,731

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(1,269)**	(2,194)
Dividends received from associates		**4,760**	84,922
Interest received		**17,983**	13,211
Proceeds from disposal of items of property, plant and equipment		**350**	26,687
Proceeds from disposal of investment properties		**–**	29,709
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries		**–**	(230,122)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries		**–**	30,161
Purchase of a shareholding in a joint venture		**(392,930)**	–
Advances of loans to a joint venture		**(3,200)**	–
Additions to investment properties		**(104,811)**	(132,987)
Purchase of equity investment designated at fair value through other comprehensive income		**(64,842)**	(11,685)
Purchase of financial assets designated at fair value through profit or loss		**(20,640)**	–
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**24,519**	(26,507)
Net cash flows used in investing activities		**(540,080)**	(218,805)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(315,246)**	(193,031)
Dividends paid to non-controlling shareholders		**(28,741)**	(28,741)
Dividend paid		**(27,568)**	(27,568)
New bank and other loans		**3,673,094**	1,555,088
Repayment of bank and other loans		**(2,945,479)**	(1,448,971)
Principal portion of lease payments	*34(b)*	**(16,487)**	(14,817)
Net cash flows generated from/(used in) financing activities		**339,573**	(158,040)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(45,670)**	(109,114)
Cash and cash equivalents at beginning of year		**1,971,141**	1,997,504
Effect of foreign exchange rate changes, net		**(80,112)**	82,751
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,845,359**	1,971,141
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*23*	**1,609,813**	1,933,125
Non-pledged time deposits	*23*	**240,294**	67,283
Cash and bank balances as stated in the consolidated statement of financial position		**1,850,107**	2,000,408
Non-pledged time deposits with original maturity of more than three months when acquired		**(4,748)**	(29,267)
Cash and cash equivalents at end of year		**1,845,359**	1,971,141

1. CORPORATE AND GROUP INFORMATION

Chinney Investments, 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 mainly involved in property development, property investment and property-related activities.

The immediate holding company of the Company is Chinney Holdings Limited, a company incorporated 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	–	68.09	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	68.09	Property management
CP Parking Limited	Hong Kong	HK$4,340,000	–	68.09	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	68.09	Nominee services
Foshan Nanhai XinDa Land Development Ltd.[1]	PRC/Mainland China	HK$300,000,000	–	68.09	Property development
G9 Asia IV Pte. Ltd.	Singapore	US$18,730,000	–	100.00	Investment holding
Gold Famous Development Limited ("Gold Famous")	Hong Kong	HK$1	–	68.09	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.[1 2]	PRC/Mainland China	RMB185,000,000	–	40.85	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 Hua Yin Land Development Co., Ltd.[1]	PRC/Mainland China	RMB80,000,000	–	68.09	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.[1]	PRC/Mainland China	RMB52,114,000	–	68.09	Property development
Guangzhou Tungfu Property Management Co., Ltd.[1]	PRC/Mainland China	RMB44,400,000	–	68.09	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	68.09	Investment holding
Hon Kwok Land Investment Company, Limited ("Hon Kwok")	Hong Kong	HK$1,519,301,000	68.09	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.[1]	PRC/Mainland China	HK$30,000,000	–	68.09	Property development
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	68.09	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	68.09	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	68.09	Property holding and letting
Hotwin Investment (Chongqing) Co., Ltd.[1]	PRC/Mainland China	US$14,300,000	–	68.09	Property holding and letting
J.L. Chinney (Holdings) Company Limited	BVI	US$1,250,000	100.00	–	Investment holding
J.L. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Investment holding
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	68.09	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
King Champion Limited	Hong Kong	HK$2	–	68.09	Property holding and letting
Multi-Investment Group Limited	BVI	US$1	–	100.00	Investment holding
Shanghai Yinbai Property Co. Limited[1]	PRC/Mainland China	RMB126,000,000	–	100.00	Property holding and letting
Shenzhen Guanghai Investment Co., Ltd.[1]	PRC/Mainland China	RMB880,000,000	–	68.09	Property holding and letting
Shenzhen Honkwok Huaye Development Co., Ltd.[1]	PRC/Mainland China	RMB50,000,000	–	68.09	Property holding and letting
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	68.09	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	68.09	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.[1]	PRC/Mainland China	US$30,000,000	–	68.09	Property holding and letting
Wide Fame Investment Limited	Hong Kong	HK$2	–	68.09	Financing
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	68.09	Money lending

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

2 *Guangzhou Honkwok Fuqiang Land Development Ltd. is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.*

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 other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand 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.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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.

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 HKFRS 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

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:

(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 occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(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.

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

(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 expected to be 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 for 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 Contracts*[1, 5]
Amendments 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]

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

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 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

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.

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

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.

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.

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

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 to the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it 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 associates 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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 the associate or 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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 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 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its investment properties and certain of its financial assets 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, properties held for sale under development and completed properties held for sale), 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., an investment property) 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%
Motor vehicles	20%
Furniture and equipment	20% to 30%

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 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.

Non-current assets held for sale

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

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

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 costs and net realisable values. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties held for sale under development and completed properties held for sale *(Continued)*

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 costs and net realisable values 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.

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 under development and completed properties held for sale, they are subsequently measured at the lower of costs and net realisable values 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

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

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

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 profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement (Continued)

Financial asset designated at fair value through other comprehensive income (equity investment)

Upon initial recognition, the Group can elect to classify irrevocably its equity investment as equity investment 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach (Continued)

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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, or payables, 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 payables, other payables, accrued liabilities and others, interest-bearing bank and other borrowings and lease liabilities and financial liabilities include in customer deposits.

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 profit or loss.

Financial guarantee contracts

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

- when the deferred tax liability arises from the initial recognition of goodwill or 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, associates and a joint venture, 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, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to 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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

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

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

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

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

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

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

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as investment properties, property, plant and equipment, 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 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 Group also operates a defined contribution retirement benefit scheme for those employees who are eligible and have elected to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

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.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

The functional currencies of certain overseas subsidiaries, a joint venture and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates 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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

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

The Group determined that the sales contracts with customers require the Group to complete the development of property before transferring the legal title of the relevant property to customers. The Group also determined that the Group does not have an enforceable right to payment from customers for performance completed to date before the transfer of the 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.

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)*

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.

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 as 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.

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

Judgements *(Continued)*

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties located in Hong Kong 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.

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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less cost of disposal of the cash-generating units to which the goodwill is allocated. Estimating the fair value less cost of disposal requires the Group to make an estimate of the term yield rate and the relevant market rent in the calculation. The carrying amount of goodwill at 31 March 2023 was HK$54,553,000 (2022: 54,553,000). Further details are set out in note 16 to the financial statements.

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 20 to the financial statements.

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

Estimation uncertainty *(Continued)*

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.

Further details, including the key assumptions used for fair value measurement, are given in note 15 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.

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

Estimation uncertainty *(Continued)*

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 28 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.

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 profits of associates, 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, investments in associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, 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 and other 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)*

Year ended 31 March 2023	**Property development**	**Property investment**	**Property, carpark management and others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue: ***(note 5)***				
Sales to external customers	**579,625**	**436,368**	**50,419**	**1,066,412**
Segment results	**179,528**	**276,787**	**32,164**	**488,479**
Reconciliation:				
Interest income				**17,983**
Corporate and other unallocated expenses				**(30,579)**
Fair value losses on financial assets at fair value through profit or loss				**(3,481)**
Finance costs (other than interest on lease liabilities)				**(265,289)**
Share of profits of associates				**23,324**
Profit before tax				**230,437**
Segment assets	**1,802,293**	**16,082,146**	**2,225,075**	**20,109,514**
Reconciliation:				
Elimination of intersegment receivables				**(2,309,405)**
Investments in associates				**1,271,406**
Investments in joint ventures				**393,129**
Financial assets at fair value through profit or loss				**17,159**
Financial assets at fair value through other comprehensive income				**76,527**
Corporate and other unallocated assets				**1,853,676**
Total assets				**21,412,006**

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2023	Property development HK$'000	Property investment HK$'000	Property, carpark management and others HK$'000	Total HK$'000
Segment liabilities	1,389,817	1,178,129	266,088	2,834,034
Reconciliation:				
Elimination of intersegment payables				(2,309,405)
Corporate and other unallocated liabilities				8,958,148
Total liabilities				9,482,777
Other segment information:				
Fair value losses on investment properties, net	–	64,697	–	64,697
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)	–	38	(57)
Depreciation	2,418	7,698	15,305	25,421
Capital expenditure*	764	104,661	655	106,080

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2022	Property development	Property investment	Property, carpark management and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue: ***(note 5)***				
Sales to external customers	632,973	440,603	38,925	1,112,501
Segment results	238,010	81,110	18,472	337,592
Reconciliation:				
Interest income				13,211
Corporate and other unallocated expenses				(32,774)
Gain on disposal of subsidiaries				32,937
Finance costs (other than interest on lease liabilities)				(176,706)
Share of profits of associates				54,496
Profit before tax				228,756
Segment assets	2,176,175	16,468,841	2,033,663	20,678,679
Reconciliation:				
Elimination of intersegment receivables				(2,120,023)
Investments in associates				1,285,431
Investment in a joint venture				199
Corporate and other unallocated assets				2,000,844
Total assets				21,845,130
Segment liabilities	1,421,656	1,172,751	317,271	2,911,678
Reconciliation:				
Elimination of intersegment payables				(2,120,023)
Corporate and other unallocated liabilities				8,443,699
Total liabilities				9,235,354

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2022	Property development	Property investment	Property, carpark management and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information:				
Fair value losses on investment properties, net	–	127,429	–	127,429
Gain on disposal of items of property, plant and equipment	(25,637)	–	(6)	(25,643)
Depreciation	2,809	8,384	19,708	30,901
Capital expenditure*	302	133,731	1,148	135,181

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

Geographical information

(a) Revenue

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**194,367**	199,146
Mainland China	**872,045**	913,355
	1,066,412	1,112,501

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	2023 HK$'000	2022 HK$'000
Hong Kong	**6,198,317**	5,740,660
Mainland China	**11,497,765**	11,827,843
Other	**199**	199
	17,696,281	17,568,702

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 assets at fair value through other comprehensive income.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers		
Sale of properties	**579,625**	632,973
Property management income	**52,512**	45,131
Revenue from other sources		
Gross rental income	**434,275**	434,397
	1,066,412	1,112,501

5. REVENUE, OTHER INCOME AND GAINS, NET *(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, OTHER INCOME AND GAINS, NET *(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 and others	–	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

5. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

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

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

(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.

5. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations (Continued)

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, or are billed based on the time incurred.

	2023	2022
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**17,983**	13,211
Government subsidies*	**3,163**	1,070
Gain on disposal of items of property, plant and equipment	**57**	25,643
Loss on disposal of investment properties	**–**	(4,491)
Management fee income received from an associate	**5,990**	5,728
Others	**18,487**	19,224
	45,680	60,385

* *The government subsidies mainly represent grants from the Employment Support Scheme of the Hong Kong Government, which aims to retain employment and combat the COVID-19. There are no unfilled conditions or contingencies related to these subsidies.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	HK$'000	*HK$'000*
Interest on bank and other loans	**315,246**	193,031
Interest on lease liabilities	**1,189**	1,705
Less: Interest capitalised under properties under development	**(49,957)**	(16,325)
	266,478	178,411

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 on rental-earning investment properties		**186,977**	204,025
Depreciation#	*13*	**25,421**	30,901
Lease payments not included in the measurement of lease liabilities#**	*14(b)*	**5,440**	4,893
Contract costs arising from sales of properties**		**45,708**	48,794
Auditor's remuneration		**4,407**	4,241
Employee benefit expense (including directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		**104,926**	92,470
Pension scheme contributions		**2,388**	2,235
		107,314	94,705
Less: Amount capitalised under properties under development		**(29,800)**	(24,300)
		77,514	70,405
Foreign exchange differences, net		**118**	451
Fair value losses on investment properties, net	*15*	**64,697**	127,429
Fair value gain on transfer of development property to investment property	*15*	**(98,973)**	–
Fair value losses on financial assets at fair value through profit or loss		**3,481**	–
Loss on disposal of investment properties		**–**	4,491
Gain on disposal of items of property, plant and equipment		**(57)**	(25,643)
Gain on disposal of subsidiaries	*33*	**–**	(32,937)
Government subsidies *(note)*		**(3,163)**	(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.

7. PROFIT BEFORE TAX *(Continued)*

\# *Included in the amount is depreciation of leased carparks of HK$9,551,000 (2022:HK$11,316,000) which is included in "Cost of sales" in the consolidated statement of profit or loss.*

* *The direct operating expenses (including repairs and maintenance) arising from rental-earning investment 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 represent grants from the Employment Support Scheme of the Hong Kong Government, which aims to retain employment and combat the 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	**1,920**	1,620
Other emoluments:		
Salaries, allowances and benefits in kind	**18,839**	17,980
Discretionary performance-related bonuses*	**4,800**	4,650
Pension scheme contributions	**–**	–
	23,639	22,630
	25,559	24,250

* *The performance-related bonuses are determined with reference to the operating results, individual performance and comparable market statistics during both years.*

8. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors

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

	2023	2022
	HK$'000	*HK$'000*
Randall Todd Turney	**320**	120
Richard Chi-Ho Lo	**320**	250
Winfred Wai-Lap Fan	**320**	250
James C. Chen		
(resigned on 26 August 2021)	**–**	250
	960	870

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

(b) Executive directors and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary performance-related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2023					
Executive directors:					
James Sai-Wing Wong	–	11,500	2,000	–	13,500
James Sing-Wai Wong	320	–	–	–	320
Yuen-Keung Chan	–	7,339	2,800	–	10,139
	320	18,839	4,800	–	23,959
Non-executive directors:					
Paul Hon-To Tong	320	–	–	–	320
Emily Yen Wong	320	–	–	–	320
	640	–	–	–	640
	960	18,839	4,800	–	24,599

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors *(Continued)*

	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	–	11,000	2,000	–	13,000
James Sing-Wai Wong	250	–	–	–	250
Yuen-Keung Chan	–	6,980	2,650	–	9,630
	250	17,980	4,650	–	22,880
Non-executive directors:					
Paul Hon-To Tong	250	–	–	–	250
Emily Yen Wong	250	–	–	–	250
	500	–	–	–	500
	750	17,980	4,650	–	23,380

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 for the year are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries, allowances and benefits in kind	**13,150**	13,720
Discretionary performance-related bonuses	**3,500**	2,460
Pension scheme contributions	**205**	232
	16,855	16,412

9. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

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

	Number of employees 2023	2022
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**2**	1
HK$7,000,001 to HK$7,500,000	**–**	1
HK$8,500,001 to HK$9,000,000	**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 *HK$'000*	2022 *HK$'000*
Current – Hong Kong	**1,479**	95
Current – Elsewhere	**60,482**	27,754
LAT in Mainland China	**84,261**	153,518
Deferred *(note 28)*	**(693)**	(48,152)
Total tax charge for the year	**145,529**	133,215

10. INCOME TAX *(Continued)*

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	**230,437**	228,756
Tax at the statutory tax rate	**66,552**	62,834
Income not subject to tax	**(12,683)**	(26,305)
Expenses not deductible for tax	**16,579**	8,756
Tax losses utilised from previous periods	**(14,903)**	(9,715)
Tax losses not recognised	**15,037**	13,967
Profits and losses attributable to associates	**(6,143)**	(12,027)
LAT	**84,261**	153,518
Others	**(3,171)**	(57,813)
Tax charge at the Group's effective rate of 63% (2022: 58%)	**145,529**	133,215

The share of net tax charge attributable to associates amounting to HK$23,899,000 (2022: HK$45,283,000) is included in "Share of profits of associates" in the consolidated statement of profit or loss. There was no share of tax attributable to joint ventures during the year ended 31 March 2023 (2022: Nil).

11. DIVIDEND

	2023	2022
	HK$'000	*HK$'000*
Proposed final – 5 HK cents (2022: 5 HK cents) per ordinary share	**27,568**	27,568

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$32,975,000 (2022: HK$55,704,000), and the weighted average number of ordinary shares in issue during the year of 551,368,153 (2022: 551,368,153).

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 1 April 2022:									
Cost	217,022	81,687	298,709	80,516	5,641	20,600	12,167	118,924	417,633
Accumulated depreciation	(17,846)	(43,555)	(61,401)	(24,041)	(2,665)	(14,860)	(8,927)	(50,493)	(111,894)
Net carrying amount	199,176	38,132	237,308	56,475	2,976	5,740	3,240	68,431	305,739
At 1 April 2022	199,176	38,132	237,308	56,475	2,976	5,740	3,240	68,431	305,739
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)	(1,315)	(1,080)	(5,710)	(25,421)
Exchange realignment	(19,316)	–	(19,316)	(5,534)	–	(311)	(164)	(6,009)	(25,325)
At 31 March 2023, net of accumulated depreciation	174,127	24,333	198,460	48,688	1,914	4,887	2,199	57,688	256,148
At 31 March 2023:									
Cost	200,630	81,866	282,496	72,263	5,641	16,206	11,981	106,091	388,587
Accumulated depreciation	(26,503)	(57,533)	(84,036)	(23,575)	(3,727)	(11,319)	(9,782)	(48,403)	(132,439)
Net carrying amount	174,127	24,333	198,460	48,688	1,914	4,887	2,199	57,688	256,148

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 1 April 2021:									
Cost	211,075	65,912	276,987	84,908	5,250	18,454	12,187	120,799	397,786
Accumulated depreciation	(10,908)	(42,466)	(53,374)	(26,210)	(1,646)	(13,477)	(7,515)	(48,848)	(102,222)
Net carrying amount	200,167	23,446	223,613	58,698	3,604	4,977	4,672	71,951	295,564
At 1 April 2021	200,167	23,446	223,613	58,698	3,604	4,977	4,672	71,951	295,564
Additions	–	32,929	32,929	–	391	1,803	–	2,194	35,123
Acquisition of a subsidiary *(Note 32)*	–	–	–	–	–	516	–	516	516
Disposals	–	–	–	(1,032)	–	(250)	–	(1,282)	(1,282)
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)	(1,314)	(1,515)	(6,587)	(30,901)
Exchange realignment	5,111	–	5,111	1,548	–	8	83	1,639	6,750
At 31 March 2022, net of accumulated depreciation	199,176	38,132	237,308	56,475	2,976	5,740	3,240	68,431	305,739
At 31 March 2022:									
Cost	217,022	81,687	298,709	80,516	5,641	20,600	12,167	118,924	417,633
Accumulated depreciation	(17,846)	(43,555)	(61,401)	(24,041)	(2,665)	(14,860)	(8,927)	(50,493)	(111,894)
Net carrying amount	199,176	38,132	237,308	56,475	2,976	5,740	3,240	68,431	305,739

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 27(a)(v) to the financial statements.

14. 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. Lease 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 lease	**179**	32,929
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	(31)
Accretion of interest recognised during the year	**1,189**	1,705
Payments	**(17,676)**	(16,522)
Carrying amount at 31 March	**27,407**	43,715
Analysed into:		
Current portion	**13,856**	20,004
Non-current portion	**13,551**	23,711

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

14. 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**	1,705
Depreciation of right-of-use assets	**19,711**	24,314
Variable lease payments 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**	30,912

(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 34(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) consisting of eight (2022: seven) commercial properties in China and five (2022: five) industrial properties in Hong Kong 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$434,275,000 (2022: HK$434,397,000), details of which are included in note 5 to the financial statements.

14. 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	**341,491**	357,157
After one year but within two years	**324,296**	321,553
After two years but within three years	**269,424**	282,472
After three years but within four years	**230,849**	230,989
After four years but within five years	**401,019**	210,916
After five years	**392,354**	659,458
	1,959,433	2,062,545

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

15. INVESTMENT PROPERTIES

		2023	
	Completed investment properties at fair value	**Investment property under construction at fair value**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At beginning of year	**15,922,780**	**–**	**15,922,780**
Additions	**104,811**	**–**	**104,811**
Transfer	**–**	**413,471**	**413,471**
Net gains/(losses) from fair value adjustments	**(64,697)**	**98,973**	**34,276**
Exchange realignment	**(730,486)**	**(23,807)**	**(754,293)**
At end of year	**15,232,408**	**488,637**	**15,721,045**

15. INVESTMENT PROPERTIES *(Continued)*

	2022 Completed investment properties at fair value *HK$'000*
At beginning of year	15,207,048
Acquisition of subsidiaries	463,415
Additions	132,987
Net losses from fair value adjustments	(127,429)
Exchange realignment	246,759
At end of year	15,922,780

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 investment property under construction were revalued on 31 March 2023 based on valuations performed by Savills Valuation and Professional Services Limited and Vigers international Property Consultants, independent professionally qualified valuers, at an aggregate value of HK$15,721,045,000 (2022: HK$15,922,780,000). Each year, the Group's management decides to appoint which external valuers 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 valuers 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 14 to the financial statements.

Investment property under construction is measured at cost until such time as fair value can be determined reliably or construction is completed.

At 31 March 2023, the Group's investment properties with an aggregate carrying value of HK$15,718,000,000 (2022: HK$15,920,000,000) were pledged to secure the banking facilities granted to the Group as detailed in note 27(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 27(a)(iv) to the financial statements.

15. INVESTMENT PROPERTIES *(Continued)*

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 166 to 169.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's completed investment properties and investment property 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	**–**	**–**	**15,721,045**	**15,721,045**

	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	–	–	15,922,780	15,922,780

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).

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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

	HK$'000
Carrying amount at 1 April 2021	15,207,048
Acquisition of subsidiaries	463,415
Additions	132,987
Net losses from fair value adjustments	(127,429)
Exchange realignment	246,759
Carrying amount at 31 March 2022 and 1 April 2022	15,922,780
Additions	104,811
Transfer	413,471
Net gains from fair value adjustments	34,276
Exchange realignment	(754,293)
Carrying amount at 31 March 2023	**15,721,045**

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

	Valuation techniques	**Significant unobservable inputs**	**Range**	
Commercial properties			**2023**	2022
Completed	Income capitalisation approach	Estimated rental value		
		per sq.ft. per month (HK$)	**16 to 128**	16 to 146
		per sq.m. per month (RMB)	**38 to 423**	38 to 431
		Capitalisation rate	**3.0% to 6.5%**	3.1% to 6.5%
	Direct comparison approach	Unit price (HK$/unit)	**1,700,000 to 2,600,000**	1,700,000 to 2,600,000
		Unit price (RMB/unit)	**80,000 to 480,000**	80,000 to 480,000
		Price per sq.ft. (HK$)	**7,742 to 12,000**	7,903 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%

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

	Valuation techniques	Significant unobservable inputs	Range	
Commercial properties			**2023**	2022
Under construction	Residual approach	Estimated rental value per sq.m. per month (RMB)	**165 to 412**	N/A
		Capitalisation rate	**4.5% to 5%**	N/A
		Development cost to completion per sq.m. (RMB)	**3,897**	N/A

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.

15. 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 flows 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, in 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.

16. GOODWILL

2023

	HK$'000
At 1 April 2022:	
Cost	57,016
Accumulated impairment	(2,463)
Net carrying amount	54,553
At 31 March 2022, 1 April 2022 and 31 March 2023, net of accumulated impairment	**54,553**
At 31 March 2023:	
Cost	**57,016**
Accumulated impairment	**(2,463)**
Net carrying amount	**54,553**

2022

	HK$'000
At 1 April 2021:	
Cost	2,463
Accumulated impairment	(2,463)
Net carrying amount	–
At 1 April 2021, net of accumulated impairment	–
Acquisition of subsidiaries (note 32)	54,553
Net carrying amount at 31 March 2022	54,553
At 31 March 2022:	
Cost	57,016
Accumulated impairment	(2,463)
Net carrying amount	54,553

16. GOODWILL *(Continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit ("CGU") for impairment testing:

- Shanghai Yinbai CGU

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	Shanghai Yinbai CGU	
	2023	2022
	HK$'000	*HK$'000*
Carrying amount of goodwill	**54,553**	54,553

Shanghai Yinbai CGU

The recoverable amount of the Shanghai Yinbai CGU, a CGU with significant self-owned investment property, has been determined based on fair value less cost of disposal calculation. The fair value less cost of disposal is estimated based on market unobservable transactions and the fair value measurement is categorised into Level 3 fair value hierarchy. The fair value of the self-owned investment property was performed by an independent valuer, Vigers Appraisal and Consulting Limited, and was determined by the income capitalisation approach with key assumptions in relation to market rent ranging from RMB7.85 to 11.51 per sq.ft per day and term yield rate ranging from 5.00% to 5.50%.

Assumptions were used in the fair value less cost of disposal calculation of the Shanghai Yinbai CGU. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Market rent – The unit rents of the comparable units to the significant self-owned investment property of Shanghai Yinbai CGU.

Market yield rate – The market yield rate based on the valuer's research on commercial and office markets in the surrounding area of the self-owned investment property of Shanghai Yinbai CGU, which has been taken into consideration the location, risks and characteristics of the self-owned investment property.

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

	2023	2022
	HK$'000	*HK$'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 is considered as part of the Group's net investments in the joint ventures.

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:

			Percentage of			
Name	**Particulars of issued share capital**	**Place of incorporation and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Two City Hall Place Limited	Common share capital of CAD100	Canada	34.05	34.05	34.05	Dormant
Time Trade Global Limited	Ordinary share capital of US$2	BVI	34.05	34.05	34.05	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 venture that is not material:

	2023	2022
	HK$'000	*HK$'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 joint ventures	**393,129**	199

18. INVESTMENTS IN ASSOCIATES

	2023	2022
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**1,253,032**	1,267,057
	1,271,406	1,285,431

Particulars of the associates are as follows:

Name	Particulars of issued share capital	Place of incorporation and business	Percentage of ownership interest attributable to the Group	Principal activities
Chinney Alliance[#]	HK$59,490,000	Bermuda/ Hong Kong	29.10	Investment holding
Chinney Trading Company Limited ("Chinney Trading")	HK$615,425,000	Hong Kong	13.62	Property development
Marigold Properties Limited	US$100	BVI	30.00	Property development

\# *Chinney Alliance is an investment holding company with its subsidiaries engaged in the manufacture and sale of industrial products and building-related contracting business, and superstructure and substructure foundation piling work.*

Chinney Alliance has a financial year end date of 31 December. The consolidated financial statements are adjusted for the material transactions between Chinney Alliance and group companies between 1 January and 31 March.

The Group's shareholdings in Chinney Alliance are held through a wholly-owned subsidiary of the Company.

18. INVESTMENTS IN ASSOCIATES *(Continued)*

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

	2023	2022
	HK$'000	*HK$'000*
Share of the associates' profit for the year	**23,324**	54,496
Share of the associates' other comprehensive income/(loss)	**(32,590)**	16,010
Share of the associates' total comprehensive income/(loss)	**(9,266)**	70,506
Aggregate carrying amount of the Group's investments in the associates	**1,271,406**	1,285,431

19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	HK$'000	*HK$'000*
Unlisted equity investments, at fair value		
– 5300 Yonge Limited Partnership	**60,127**	–
– Unlisted company	**16,400**	11,685
	76,527	11,685

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

20. 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
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

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 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 27(a)(ii) to the financial statements.

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

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 166 to 169.

21. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**10,930**	14,319
Impairment	**–**	–
	10,930	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.

21. TRADE RECEIVABLES *(Continued)*

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	**928**	1,447
31 to 60 days	**156**	521
61 to 90 days	**143**	39
Over 90 days	**9,703**	12,312
	10,930	14,319

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 ECLs for trade receivables under HKFRS 9 was insignificant for the years ended 31 March 2023 and 2022.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Prepayments	**70,782**	45,457
Deposits	**19,548**	16,095
Other receivables	**232,116**	212,646
	322,446	274,198

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

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. 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	**1,609,813**	1,933,125
Time deposits	**240,294**	67,283
	1,850,107	2,000,408

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$1,466,565,000 (2022: HK$1,664,199,000). 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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Key management insurance contracts	**5,626**	–
Listed equity investment, at fair value	**3,671**	–
Other unlisted investment, at fair value	**7,862**	–
	17,159	–
Analysed for reporting purposes as:		
Current assets	**9,297**	–
Non-current assets	**7,862**	–
	17,159	–

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 three members of key management personnel of the Group. The total sum insured is US$900,000 (approximately HK$7,007,000) 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$720,000 (approximately HK$5,626,000), would be refunded to the Group. The amount of surrender charges decreased over time and was no longer required from the 6th year of contract conclusion onwards.

25. TRADE PAYABLES, OTHER PAYABLES, ACCRUED LIABILITIES AND OTHERS

Included in trade payables, other payables, accrued liabilities and others are trade payables of HK$7,505,000 (2022: HK$9,296,000). 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	**7,499**	9,290
Over 90 days	**6**	6
	7,505	9,296

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

26. 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.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective annual interest rate (%)	**Maturity**	***HK$'000***	Effective annual interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – unsecured	**5.3**	**2023-2024**	**350,000**	2.7	2022-2023 or on demand	1,115,000
Bank loans – secured	**4.3-6.6**	**2023-2024 or on demand**	**1,727,095**	1.5-6.6	2022-2023 or on demand	2,676,084
			2,077,095			3,791,084
Non-current						
Bank loans – unsecured	**5.3**	**2024-2027**	**320,000**	2.7	2023-2024	380,000
Bank loans – secured	**4.3-6.6**	**2024-2031**	**4,797,725**	1.8-6.6	2023-2031	2,419,303
Other loan	**2.25**	**2024**	**39,773**	2.25	2023	42,683
			5,157,498			2,841,986
			7,234,593			6,633,070

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	2023	2022
	HK$'000	*HK$'000*
Analysed into:		
Bank and other loans repayable:		
Within one year or on demand	**2,077,095**	3,791,084
In the second year	**1,924,606**	1,112,834
In the third to fifth years, inclusive	**3,009,532**	1,713,352
Beyond five years	**223,360**	15,800
	7,234,593	6,633,070

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$15,718,000,000 (2022: HK$15,920,000,000) as detailed in note 15 to the financial statements;*

(ii) *mortgages over certain of the Group's properties held for sale and 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 20 to the financial statements;*

(iii) *charges over shares of certain subsidiaries of the Group;*

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

(v) *the pledge of certain of the Group's leasehold land and buildings, which had a net carrying value at the end of the reporting period of HK$208,055,000 (2022: HK$242,174,000) as detailed in note 13 to the financial statements.*

(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 and other loans denominated in RMB equivalent to HK$2,091,326,000 (2022: HK$2,061,070,000), all bank and other borrowings at the end of the reporting period were denominated in Hong Kong dollars.*

As further explained in note 41 to the financial statements, certain of Group's non-current interest-bearing bank and other 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 and other borrowings and analysed into bank loans repayable within one year or on demand.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are HK$2,055,095,000 (2022: HK$3,833,767,000) payable within one year or on demand; HK$1,946,606,000 (2022: HK$1,070,151,000) payable in the second year; HK$3,009,532,000 (2022: HK$1,713,353,000) payable in the third to fifth years, inclusive; and HK$223,360,000 (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.

28. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 April 2021	(21,072)	(1,414,295)	577	(6,789)	(1,441,579)
Acquisition of subsidiaries *(note 32)*	–	(73,607)	–	–	(73,607)
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	448	47,704	–	–	48,152
Exchange realignment	–	(34,460)	–	–	(34,460)
At 31 March 2022 and 1 April 2022	**(20,624)**	**(1,474,658)**	**577**	**(6,789)**	**(1,501,494)**
Deferred tax (charged)/credited to the statement of profit or loss during the year *(note 10)*	**(75)**	**768**	**–**	**–**	**693**
Exchange realignment	**–**	**97,743**	**–**	**–**	**97,743**
Net deferred tax liabilities at 31 March 2023	**(20,699)**	**(1,376,147)**	**577**	**(6,789)**	**(1,403,058)**

28. DEFERRED TAX *(Continued)*

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 arising in Hong Kong of HK$1,855,720,000 (2022: HK$1,786,121,000) and in Mainland China of HK$143,248,000 (2022: HK$189,249,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these deductible temporary differences and tax losses as they have arisen in the companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

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.

29. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Issued and fully paid:		
551,368,153 (2022: 551,368,153) ordinary shares	**405,411**	405,411

30. 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.

31. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

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

	2023	2022
Percentage of equity interest held by non-controlling interests:		
Hon Kwok	**31.91%**	31.91%

	2023 ***HK$'000***	2022 *HK$'000*
Profit for the year allocated to non-controlling interests:		
Hon Kwok	**51,933**	29,334
Dividends paid to non-controlling interests of Hon Kwok	**28,741**	28,741
Accumulated balances of non-controlling interests at the reporting date:		
Hon Kwok	**3,935,659**	4,161,410

31. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

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

	2023	2022
	HK$'000	*HK$'000*
Revenue	**1,049,421**	1,106,278
Total expenses	**(998,514)**	(980,581)
Other income	**35,549**	57,794
Fair value losses on investment properties, net	**(56,016)**	(127,429)
Fair value gain on transfer of development properties to investment properties	**98,973**	–
Share of profit of an associate	**26,979**	35,701
Profit for the year	**156,392**	91,763
Total comprehensive income/(loss) for the year	**(546,536)**	392,368
Current assets	**3,541,349**	4,122,520
Non-current assets	**16,654,773**	16,416,000
Current liabilities	**(2,384,370)**	(4,153,193)
Non-current liabilities	**(5,908,235)**	(3,872,220)
Net cash flows from operating activities	**163,638**	397,274
Net cash flows used in investing activities	**(538,233)**	(43,805)
Net cash flows from/(used in) financing activities	**349,271**	(485,550)
Net decrease in cash and cash equivalents	**(25,324)**	(132,081)

32. BUSINESS COMBINATION

In the prior year, the Group acquired a 100% equity interest in G9 Asia IV Pte. Ltd. and its subsidiary, Shanghai Yinbai Property Co. Limited (上海飲百置業有限公司) (together as "Shanghai Yinbai Group") and related shareholders' loans of HK$8,870,000 at a cash consideration of HK$230,334,000. Shanghai Yinbai Group is engaged in property investment in Mainland China. The acquisition was accounted as business combination.

32. BUSINESS COMBINATION *(Continued)*

The fair values of the identifiable assets and liabilities of Shanghai Yinbai Group as at the date of acquisition were as follows:

	2022 *HK$'000*
Investment property	463,415
Property, plant and equipment	516
Prepayment, deposits and other receivables	7,058
Cash and bank balances	212
Trade payables and other payables	(4,740)
Shareholders' loans	(8,870)
Interest-bearing bank borrowings	(217,073)
Deferred tax liabilities	(73,607)
Total identifiable net assets at fair value	166,911
Assignment of shareholders' loans	8,870
Goodwill on acquisition *(note 16)*	54,553
Total consideration	230,334
Satisfied by:	
Cash	230,334

The fair values and gross contractual amounts of deposits and other receivables of Shanghai Yinbai Group as at the date of acquisition amounted to HK$7,058,000. No receivables were expected to be uncollectible.

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	2022 *HK$'000*
Cash consideration	230,334
Cash and bank balances acquired	(212)
Net outflow of cash and cash equivalents included in cash flows from investing activities	230,122

Since the acquisition, Shanghai Yinbai Group contributed HK$3,859,000 to the Group's revenue for the year ended 31 March 2022 and loss of HK$6,000,000 to the Group's consolidated profit for the year ended 31 March 2022.

32. BUSINESS COMBINATION *(Continued)*

Had the combination taken place at 1 April 2021, the revenue and the consolidated profit of the Group for the year ended 31 March 2022 would have been HK$1,128,200,000 and HK$117,856,000 respectively.

33. DISPOSAL OF SUBSIDIARIES

In the prior year, the Company disposed of its 35% equity interest in Marigold Properties Limited, a subsidiary of the Company, and its subsidiaries ("Marigold Properties Group"). Marigold Properties Group was engaged in property development business in Mainland China. The transaction was completed in November 2021.

The net assets disposed of are as follows:

		2022
	Note	*HK$'000*
Net assets disposed of:		
Properties held for sale under development		137,248
Property, plant and equipment		238
Cash and bank balances		6,450
Prepayments, deposits and other receivables		182,666
Other payables and accrued liabilities		(102,052)
Amounts due to a fellow subsidiary		(1,190)
Interest-bearing bank borrowings		(176,829)
Net assets		46,531
Non-controlling interests		(16,068)
		30,463
Release of exchange fluctuation reserve		(12,830)
		17,633
Fair value of investments in associates retained upon loss of control of subsidiaries		(13,959)
Gain on disposal of subsidiaries	7	32,937
Consideration received		36,611
Satisfied by:		
Cash		36,611

33. DISPOSAL OF SUBSIDIARIES *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2022 *HK$'000*
Cash consideration	36,611
Cash and bank balances disposed of	(6,450)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	30,161

34. 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).

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

(b) Changes in liabilities arising from financing activities

	Lease liabilities *HK$'000*	Interest-bearing bank and other borrowings *HK$'000*
At 1 April 2021	**25,634**	**6,451,736**
Changes from financing cash flows	**(14,817)**	**106,117**
New lease	**32,929**	**–**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(31)**	**–**
Interest expenses	**1,705**	**–**
Interest paid classified as operating cash flows	**(1,705)**	**–**
Acquisition of subsidiaries *(note 32)*	**–**	**217,073**
Disposal of subsidiaries *(note 33)*	**–**	**(176,829)**
Amortisation of bank loan front-end fee	**–**	**5,888**
Exchange realignment	**–**	**29,085**
At 31 March 2022 and 1 April 2022	**43,715**	**6,633,070**
Changes from financing cash flows	**(16,487)**	**721,727**
New lease	**179**	**–**
Interest expenses	**1,189**	**–**
Interest paid classified as operating cash flows	**(1,189)**	**–**
Amortisation of bank loan front-end fee	**–**	**5,888**
Exchange realignment	**–**	**(126,092)**
At 31 March 2023	**27,407**	**7,234,593**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Within operating activities	**(6,629)**	(6,598)
Within financing activities	**(16,487)**	(14,817)
	(23,116)	(21,415)

35. 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.

36. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 27 to the financial statements.

37. COMMITMENTS

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

38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed 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 fee income received from an associate	(i)	**5,990**	5,728
Construction and repair costs paid to a related company	(ii)	**33,868**	19,414

Notes:

(i) The management fees were charged to Chinney Alliance based on the time involvement of the personnel providing the services. Dr. James Sai-Wing Wong, a director of the Company, is also a director of and has beneficial interest in Chinney Alliance. Yuen-Keung Chan and James Sing-Wai Wong are directors of the Company and Chinney Alliance.

(ii) On 12 July 2018, Gold Famous entered into a framework agreement with Chinney Construction, 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, New Territories, Hong Kong at a total contract sum not exceeding HK$757,800,000. As the Company is interested in approximately 68.09% of the issued shares of Hon Kwok 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 the Company, Hon Kwok and Chinney Alliance, the related transaction constituted a connected transaction for each of the Company, Hon Kwok, and Chinney Alliance under the Listing Rules. The transaction was approved by the independent shareholders of the Company, Hon Kwok 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") 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 Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of the Company, Hon Kwok and Chinney Alliance, the related transactions constituted connected transactions for each of the Company, Hon Kwok and Chinney Alliance under the Listing Rules. The transactions were approved by independent shareholders of the Company, Hon Kwok and Chinney Alliance at the respective general meetings held by each of the companies on 28 November 2022.

(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 35(a) to the financial statements.

(c) Compensation of key management personnel of the Group

	2023 **HK$'000**	2022 HK$'000
Short-term employee benefits	**41,178**	38,810
Post-employment benefits	**254**	232
	41,432	39,042

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

39. FINANCIAL INSTRUMENTS BY CATEGORY

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

2023

Financial assets

	Financial assets 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	–	–	10,930	10,930
Financial assets included in prepayments, deposits and other receivables	–	–	260,814	260,814
Financial assets at fair value through profit or loss	–	17,159	–	17,159
Financial assets at fair value through other comprehensive income	76,527	–	–	76,527
Amount due from a joint venture	–	–	3,200	3,200
Cash and bank balances	–	–	1,850,107	1,850,107
	76,527	17,159	2,125,051	2,218,737

2023

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables, other payables accrued liabilities and others	141,760
Financial liabilities included in customer deposits	84,367
Lease liabilities	27,407
Interest-bearing bank and other borrowings	7,234,593
	7,488,127

39. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2022

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	–	14,319	14,319
Financial assets at fair value through other comprehensive income	11,685	–	11,685
Financial assets included in prepayments, deposits and other receivables	–	228,741	228,741
Cash and bank balances	–	2,000,408	2,000,408
	11,685	2,243,468	2,255,153

2022

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables, other payables, accrued liabilities and others	254,948
Financial liabilities included in customer deposits	86,354
Lease liabilities	43,715
Interest-bearing bank and other borrowings	6,633,070
	7,018,087

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Financial assets at fair value through other comprehensive income	**76,527**	11,685	**76,527**	11,685
Financial assets at fair value through profit or loss	**17,159**	–	**17,159**	–
	93,686	11,685	**93,686**	11,685
Financial liabilities				
Interest-bearing bank and other borrowings	**7,234,593**	6,633,070	**7,243,593**	6,633,070

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, trade payables, other payables and accrued liabilities, contract liabilities, the current portion of interest-bearing bank and other 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.

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

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 and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 March 2023 were 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.

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.

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 March 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$7,007,000	5% (2022: N/A) increase (decrease) in account values would result in increase (decrease) in fair value by HK$350,000 (2022: N/A)
		Surrender charge	HK$1,381,000	5% (2022: N/A) increase (decrease) in surrender charge would result in increase (decrease) in fair value by HK$69,000 (2022: N/A)

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

Fair value hierarchy

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

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 assets at fair value through other comprehensive income	**–**	**–**	**76,527**	**76,527**
Financial assets at fair value through profit or loss	**3,671**	**7,862**	**5,626**	**17,159**
	3,671	**7,862**	**82,153**	**93,686**

As at 31 March 2022

	Fair value measurement using			
	Quoted prices In active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income	–	–	11,685	11,685

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

Fair value hierarchy *(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	**11,685**	–
Purchases	**72,948**	11,685
Total losses recognised in the statement of profit or loss included in administrative expenses	**(2,480)**	–
	82,153	11,685

The Group did not have any financial liabilities measured at fair value as at 31 March 2023 and 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 and other borrowings (non-current portion) of HK$5,157,498,000 (2022: HK$2,841,986,000) 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).

The Group's principal financial instruments include other receivables, cash and bank balances, other payables, customer deposits, interest-bearing bank and other borrowings and lease liabilities. 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.

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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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$. The Group is exposed to foreign exchange risk arising from changes in the exchange rate of HK$ 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 Hong Kong dollar weakens against RMB	**5**	**(156)**
If Hong Kong dollar strengthens against RMB	**5**	**156**

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 27 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**	**(29,224)**
RMB	**50**	**(4,701)**
Hong Kong dollar	**(100)**	**29,224**
RMB	**(50)**	**4,701**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2022		
Hong Kong dollar	100	(32,724)
RMB	50	(4,044)
Hong Kong dollar	(100)	32,724
RMB	(50)	4,044

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

Credit risk

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

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2023 and 2022. 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*
Trade receivables*	–	–	–	10,884	10,884
Financial assets at fair value through other comprehensive income	76,527	–	–	–	76,527
Financial assets at fair value through profit or loss	17,159	–	–	–	17,159
Amount due from a joint venture	3,200	–	–	–	3,200
Financial assets included in prepayments, deposits, other receivables – Normal**	260,814	–	–	–	260,814
Cash and bank balances	1,850,107	–	–	–	1,850,107
	2,207,807	–	–	10,884	2,218,691

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

Credit risk *(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
Equity investment at fair value through other comprehensive income	11,685	–	–	–	11,685
Financial assets included in prepayments, deposits, other receivables – Normal**	228,741	–	–	–	228,741
Cash and bank balances	2,000,408	–	–	–	2,000,408
	2,240,834	–	–	14,319	2,255,153

* *For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.*

** *The credit quality of the financial assets included in prepayments, deposits and other receivables and other assets is 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 35(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.

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

Liquidity risk *(Continued)*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, lease liabilities 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. 29% (2022: 57%) of the Group's debts, which comprise interest-bearing bank borrowings, would mature in less than one year as at 31 March 2023 based on the carrying values of the borrowings reflected in the financial statements. Based on the maturity dates as set out in the loan agreements, 28% (2022: 58%) of the Group's debts would mature in less than one year.

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

			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, accrued liabilities and others	5,503	136,257	–	–	141,760
Customer deposits	84,367	–	–	–	84,367
Lease liabilities	–	15,049	9,852	4,513	29,414
Interest-bearing bank and other borrowings	68,500	2,165,349	2,422,996	3,662,528	8,319,373
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	84,367	–	–	–	84,367
Guarantees given to a bank in connection with the facility granted to a joint venture	237,500	–	–	–	237,500
	480,237	2,316,655	2,432,848	3,667,041	8,896,781

41. 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, accrued liabilities and others	5,439	249,509	–	–	254,948
Customer deposits	86,354	–	–	–	86,354
Lease liabilities	–	21,272	16,205	7,511	44,988
Interest-bearing bank and other borrowings	253,250	3,642,500	1,226,330	1,817,219	6,939,299
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	15,146	–	–	–	15,146
	360,189	3,913,281	1,242,535	1,824,730	7,340,735

In respect of interest-bearing bank and other borrowings of HK$68,500,000 (2022: HK$253,250,000), the loan agreements contain a repayment on demand clause giving the bank and other lender 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 and other borrowings in respect of the Group were HK$2,200,539,000 (2022: HK$3,888,916,000) payable within one year, HK$2,449,034,000 (2022: HK$1,203,822,000) payable in the second year and HK$3,674,512,000 (2022: HK$1,795,038,000) payable beyond two years.

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

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 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 and other 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	**7,234,593**	6,633,070
Lease liabilities	**27,407**	43,715
Less: Cash and bank balances	**(1,850,107)**	(2,000,408)
Net interest-bearing debt	**5,411,893**	4,676,377
Equity attributable to owners of the Company	**7,993,570**	8,448,366
Non-controlling interests	**3,935,659**	4,161,410
Total equity	**11,929,229**	12,609,776
Gearing ratio	**45%**	37%

42. EVENT AFTER THE REPORTING PERIOD

On 27 June 2023, Best Range Global Limited, an indirectly non-wholly owned subsidiary of the Company, entered into a shareholders' 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 was 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.

43. 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 *HK$'000*	2022 *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**–**	2
Financial asset measured at fair value through other comprehensive income	**16,399**	11,685
Financial assets at fair value through profit or loss	**1,891**	–
Investments in subsidiaries	**1,522,819**	1,522,819
Total non-current assets	**1,541,109**	1,534,506
CURRENT ASSETS		
Prepayments, deposits and other receivables	**201**	105
Due from subsidiaries	**189,951**	282,887
Cash and bank balances	**77,714**	58,165
Total current assets	**267,866**	341,157
CURRENT LIABILITIES		
Trade payables and accrued liabilities	**5,229**	5,387
Interest-bearing bank borrowings	**90,000**	120,000
Total current liabilities	**95,229**	125,387
NET CURRENT ASSETS	**172,637**	215,770
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,713,746**	1,750,276
NON-CURRENT LIABILITY		
Due to a subsidiary	**613,786**	631,446
Net assets	**1,099,960**	1,118,830

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

	2023	2022
	HK$'000	*HK$'000*
EQUITY		
Share capital	**405,411**	405,411
Retained profits *(note)*	**694,549**	713,419
Total equity	**1,099,960**	1,118,830

James Sing-Wai Wong
Director

Yuen-Keung Chan
Director

Note:

A summary of the Company's retained profits is as follows:

	Retained profits
	HK$'000
Balance at 1 April 2021	708,878
Total comprehensive income for the year	32,109
Final 2021 dividend paid	(27,568)
At 31 March 2022 and 1 April 2022	**713,419**
Total comprehensive income for the year	**8,698**
Final 2022 dividend paid	**(27,568)**
At 31 March 2023	**694,549**

44. APPROVAL OF THE FINANCIAL STATEMENTS

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

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	**1,066,412**	1,112,501	1,277,982	639,442	1,478,353
Profit/(loss) before tax from continuing operations	**230,437**	228,756	334,049	(45,657)	1,767,729
Tax credit/(charge)	**(145,529)**	(133,215)	(216,108)	11,444	(460,564)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**84,908**	95,541	117,941	(34,213)	1,307,165
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	**–**	–	–	–	(13,981)
PROFIT/(LOSS) FOR THE YEAR	**84,908**	95,541	117,941	(34,213)	1,293,184
Attributable to:					
Owners of the Company	**32,975**	55,704	77,876	(45,423)	781,394
Non-controlling interests	**51,933**	39,837	40,065	11,210	511,790
	84,908	95,541	117,941	(34,213)	1,293,184

	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	**21,412,006**	21,845,130	21,293,903	20,566,909	20,311,524
TOTAL LIABILITIES	**(9,482,777)**	(9,235,354)	(8,999,234)	(9,042,608)	(8,241,788)
NET ASSETS	**11,929,229**	12,609,776	12,294,669	11,524,301	12,069,736
NON-CONTROLLING INTERESTS	**(3,935,659)**	(4,161,410)	(4,060,400)	(3,801,971)	(3,983,966)
SHAREHOLDERS' FUNDS	**7,993,570**	8,448,366	8,234,269	7,722,330	8,085,770

PARTICULARS OF PROPERTIES

31 March 2023

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

Location	Use	Site area	Gross floor area	Development progress (up to 29 June 2023)	Estimated completion date	Attributable interest of the Group
		(sq.m./sq.ft.)	*(sq.m./sq.ft.)*			*(%)*
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	68.09
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	68.09
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	34.05
4. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	68.09

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	68.09
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	40.85
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	68.09
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.)	–	13.62

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	68.09
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	68.09
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	68.09
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	68.09
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	68.09
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	68.09

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					
15. Nexxus Jing'an (前社NEXXUS•靜安) No. 608 Xikang Road Jing'an District Shanghai	4-storey of commercial podium/ commercial	6,661.67 sq.m. (71,680 sq.ft)	–	Medium term lease	100
HONG KONG					
16. 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	68.09
17. 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	68.09
18. 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	68.09
19. Digital Realty Kin Chuen (HKG11) 11 Kin Chuen Street Kwai Chung New Territories	Data centre	228,033 sq.ft.	–	Medium term lease	68.09
20. Hilder Centre (富德中心) Whole floor of 8th Floor 2 Sung Ping Street Hunghom Kowloon	Commercial	18,600 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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chinney Investments, 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 12:00 noon 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. Paul Hon-To Tong ("Mr. Tong") and Mr. Winfred Wai-Lap Fan ("Mr. Fan") 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. Fan, being eligible, will offer himself for re-election at the meeting while Mr. Tong has notified the Board that he has decided not to stand for re-election and will retire as a non-executive director of the Company upon conclusion of the meeting.

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

   Winfred Wai-Lap Fan

   Aged 52, was appointed as an independent non-executive director of the Company in August 2019. He is also the chairman of both the remuneration committee and the audit committee of the Company. He is a senior executive and entrepreneur with over a decade of experience as chief executive officer, chief financial officer and advisor of businesses in technology, manufacturing, real estate and retail in the Australia and New Zealand and Asia-Pacific region. Prior to moving back to Hong Kong in 2015, Mr. Fan spent the first two decades of his career in Melbourne, firstly at a leading accounting and advisory firm in Australia where he acted as a key change agent working closely with clients in different industries helping them to restructure and grow. He then held senior positions at a number of retail, manufacturing and IT companies. Mr. Fan has been the chief financial officer then chief executive officer of Anywhere Networks, a global wireless and networking technology company headquartered in Hong Kong since 2015.

   Mr. Fan is a Chartered Accountant with a Bachelor of Commerce from Monash University, Melbourne. He is a member of the Chartered Accountants Australia and CPA Australia.

   At the date hereof, Mr. Fan 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 the Laws of Hong Kong). Save as disclosed above, Mr. Fan does not hold any other positions in the Company or any members of the Group, 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.

   Mr. Fan has entered into a letter of appointment with the Company. Pursuant to the letter of appointment, Mr. Fan 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. Fan 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. Fan 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 of Hong Kong Limited 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.chinney.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. Yuen-Keung Chan (Vice Chairman and Managing Director) and Mr. James Sing-Wai Wong as executive directors; Mr. Paul Hon-To Tong and Dr. Emily Yen Wong as non-executive directors; and Mr. Richard Chi-Ho Lo, Mr. Winfred Wai-Lap Fan and Mr. Randall Todd Turney as independent non-executive directors.