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# 漢國置業有限公司

## Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

### 2023-24 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Hon Kwok Land Investment Company, Limited (the “Company”, and together with its subsidiaries, the “Group”) is pleased to announce the consolidated annual results of the Group for the year ended 31 March 2024.

#### Result for the year

	For the year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	<b>1,086,515</b>	<b>1,049,421</b>
Property development	592,595	579,625
Property investment	436,170	419,377
Property, carpark management and others	57,750	50,419
<b>Underlying profit <sup>(1)</sup></b>	<b>132,073</b>	<b>111,119</b>
<b>Profit attributable to owners of the Company</b>	<b>4,573</b>	<b>153,423</b>

#### Financial information

	For the year ended 31 March	
	2024 HK\$	2023 HK\$
<b>Earnings per share</b>	<b>0.0063</b>	<b>0.2130</b>
<b>Dividend per share</b>		
Final	0.0625	0.1250
	<b>As at 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Net assets value per share</b>	<b>15.35</b>	<b>16.19</b>

Note:

(1) Underlying profit represents profit attributable to owners of the Company excluding the changes in fair value of investment properties and deferred tax.

## **CHAIRMAN'S STATEMENT**

2023 was the most difficult year for our markets and for the Company in a generation. The economic conditions, and the ongoing crises in our industry are well captured by continuing negative news cycles, so I will not repeat them here. Instead, let us talk about why these are transitory environments, and how we will emerge stronger from the other side.

On behalf of the Board, I am pleased to report that we were profitable last year. The Group's revenue increased by 4% to HK\$1,087 million (2023: HK\$1,049 million), and the net operating profit before revaluation also remain healthy at HK\$132.1 million in financial year 2024 (2023: HK\$111.1 million). Nonetheless, due to revaluation markdowns reflecting the difficult trading conditions in our main China market, it resulted in the profit attributable to ordinary equity holders to decrease to HK\$4.6 million (2023: HK\$153.4 million). Basic earnings per share was HK\$0.0063 (2023: HK\$0.2130).

At 31 March 2024, balance sheet remains robust with shareholders' equity at HK\$11,060 million (as at 31 March 2023: HK\$11,663 million) and net assets per share attributable to shareholders stood at HK\$15.35 (as at 31 March 2023: HK\$16.19).

### **A Brief Review of our Businesses**

The previously mentioned negative news cycles have brought serious pressure to our operating assets. From the over-supply of residential and office space to the tightening of consumer purse-strings in China, we are continuously adjusting to the rapidly changing market conditions.

This whipsaw effect is most pronounced in our investment portfolio consisting of retail and office. Our company holds 337,000 sq.m. of office and 97,500 sq.m. of retail space for rent. Our worst affected market is in Chongqing. The economic malaise affecting Southwestern China has lead to an oversupply of office space, which meant increasing vacancies and falling rental rates. We are vigorously managing the situation, including adjusting our organizational structure and repositioning the project to attract new tenants. For example, we opened a location for our successful HONKWORK co-working space that has so far grabbed new tenants and helped us recover some lost market share.

The downturn has been more muted in Shenzhen and Hong Kong, where vacancy rates remained comparable to previous years. For example, the Shenzhen property was a story of persistent competition in a supply glut. More than 1,600,000 sq.m. of new Grade A office space (equivalent to 10 new Hon Kwok Centres) came onto the market in 2023. We remain viable by offering the highest quality building in our area. Because of our proximity to the heart of the city's startup culture at Huaqiang Beilu, we tend to attract many young companies. We've developed an effective strategy of "incubating" tenants in our HONKWORK co-working space first, then moving them into larger spaces inside the building when they grow bigger.

The hospitality portfolio tracked China's emergence from the Covid lockdowns. Occupancy and rental rates recovered across the board. As part of our strategy to diversify overseas, we acquired a portfolio of five hotels properties in Tokyo and Osaka, Japan during the year under review. The removal of Covid restrictions propelled a travel craze out of Hong Kong. We followed the crowd. The acquisition also took advantage of Japan's easy financing rates (around 1%) and the weak Yen. So far, the four that have come online are fully occupied and room rates are rising. We are actively pursuing more deals and see this as a promising area for future growth.

Our Bauhinia Central is targeted to reopen by the end of 2024. In addition to contributing again to our top and bottom lines, the building will feature Hong Kong's first 100% solar paneled curtain wall. This green energy feature will bring us both guests as well as ESG standing.

Last, but not least, our new economy investment (the data centre) has continued to perform satisfactorily. We are taking an opportunistic stance on further investments in this area.

Although residential sales in general was challenging, our residential portfolio performed well. For the financial year 2023/2024, we have sold our Nanhai project 77 units out of 80 units for sale. We also sold 841 associated car spaces in Nanhai project and 620 car spaces in Botanica. In the coming years, our Guangzhou Beijing Nan Road project will offer 144 units and our Hong Kong South Bay joint venture will offer four ultra high-end units for sale. The Beijing Nan Road project is particularly promising because of its location at the heart of the city's most vibrant pedestrian shopping district.

Looking forward, we will continue to execute our strategy to diversify risk by seeking prospects abroad while expanding recurring income for the Group.

## **The Outlook**

The difficult operating environment in China culminated in a downward revaluation of our properties in China, resulting in us using our strong balance sheet to manage the leverage prudently. As we enter the fifth year of "survival" mode, we can thank our experienced managers for keeping the Company above water.

The pessimistic view is that China's malaise persists through this year. And we have to be prepared for more downward pressure in the short term.

The good news is that there are signs that we may have hit bottom and things will improve in the coming year. The stream of "gloom and doom" commentary about the end of China Mainland and Hong Kong from writers who don't live in here are way overblown. The economic growth in China will be a healthy 5% and exports and the trade surplus continues to rise.

While international decoupling grumbles along, elections in the European Union, United Kingdom, and the United States in the next few months will eventually settle medium term uncertainties. No matter if the outcomes are good or bad, we are agile enough to adjust our strategies to adapt to their policies.

And despite the Covid and post-Covid downturn, China remains the most dynamic economic region in the world. Multiple world economic forums forecast that 80% of global alpha (that is economic growth) will come out of Asia in the next 25 years. The vast majority of that growth will come from China.

China is in the middle of a historical course correction. The economy is moving away from its unhealthy dependence on real estate to more sustainable sources of growth. This emphasis on quality over quantity is to be praised, even if it is painful to the companies who make their money in real estate.

The new business environment will be in alternative energy, high technology, precision medicine, and advanced transportation-oriented businesses. The Greater Bay Area, where our company is mostly focused, is the epicenter of this new Chinese economy that will be driven by consumerism.

The real estate business will also evolve. It will recover and mature to track real estate businesses more closely in the developed world. The days of “easy money” where one could buy a green field site, sit on it for a year, and then flip it for enormous profits are gone. Real estate developers are going to have to work harder to make money. But here is the key: there is still going to be money in real estate.

Demographically, China is extremely wealthy. The urbanization rate for China is around 65% and will continue to grow to 80% in the next 10 years. That means another 200 million people will move into cities and will need homes and offices for their businesses. China’s median age is 39 and a majority of this population continues to be upwardly mobile. The recent popularity of “trading up” residential programs where buyers swap new homes for old homes demonstrates a strong demand for higher quality products.

In the short term, to revive consumer sentiment and resolve the financing issues of real estate developers, the Central government has established “Real Estate Financing Coordination Mechanisms” in major cities and issued batches of “whitelists” for real estate projects eligible for financing support from banks.

Not forgetting Hong Kong is our home. 2023 we saw the first year of rebuilding since 2019. Even though Hong Kong continues to be squeezed by high interest rates from the US as well as the economic recession in China, there are already signs of recovery. In hospitality, the Hong Kong Airport expects passenger traffic to fully recover to the pre-pandemic level by the end of 2024. To jumpstart the market, all demand-side management stamp duties for residential properties were lifted. In addition, the HK Government implemented an “Admission Scheme for Talent” to encourage the immigration of skilled knowledge workers to grow our competitiveness. In addition, China’s National 14th Five-Year Plan clearly positioned Hong Kong’s development to leverage its unique advantages in finance and technology.

While I acknowledge and express regret for our company’s diminished returns over the short term, I am bullish for our medium- and long-term prospects. There are generational opportunities in this crisis.

Over the next few months, we will take measures to rationalize our portfolio and resource allocations in preparation for our next phase of growth. In Hong Kong, our flagship Bauhinia Hotel will come back online by the end of this year. We anticipate offering for sale our joint venture project in the South Bay by the end of 2025. The multiple government stimulus programs will also boost sales and occupancy in our Guangzhou project. And our Japan investments will start contributing to our bottom line. We have much to look forward to.

## **Appreciation**

On behalf of the Board, I would like to express my gratitude to our fellow directors for their guidance, our colleagues for their hard work and contributions to both our innovative and resilient work culture. I also wish to express my sincere thanks to our stakeholders and business partners, we will continue to be good partners and hope to count on your support for new projects and initiatives.

2025 marks the 50th Anniversary of the incorporation of the Chinney Group (parent company of Hon Kwok Land) in Hong Kong. It will mark the opening of a new chapter for our Company. Thank you for supporting us through these many years. With your continued support, we look forward to bringing you prosperous returns for the next 50 years.

Thank you.

**James Sing-Wai Wong**  
*Chairman*

Hong Kong, 27 June 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Revenue	3	1,086,515	1,049,421
Cost of sales		<u>(505,170)</u>	<u>(493,202)</u>
Gross profit		581,345	556,219
Other income	3	43,930	35,549
Fair value losses on investment properties, net		(141,123)	(56,016)
Fair value gain on transfer of development property to investment property		-	98,973
Administrative expenses		(86,377)	(110,288)
Other operating expenses, net		(22,376)	(34,893)
Finance costs	4	(312,523)	(217,328)
Share of profit of an associate		<u>9,365</u>	<u>26,979</u>
Profit before tax	5	72,241	299,195
Income tax expense	6	<u>(46,314)</u>	<u>(142,803)</u>
Profit for the year		<u>25,927</u>	<u>156,392</u>
Attributable to:			
Owners of the Company		4,573	153,423
Non-controlling interests		<u>21,354</u>	<u>2,969</u>
		<u>25,927</u>	<u>156,392</u>
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic and diluted		<u>HK\$0.0063</u>	<u>HK\$0.2130</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<u><b>25,927</b></u>	<u>156,392</u>
<b>Other comprehensive loss</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of an associate	(29,835)	(38,280)
Exchange differences on translation of foreign operations	<u>(509,008)</u>	<u>(664,648)</u>
<b>Other comprehensive loss for the year, net of tax</b>	<u><b>(538,843)</b></u>	<u>(702,928)</u>
<b>Total comprehensive loss for the year</b>	<u><b>(512,916)</b></u>	<u>(546,536)</u>
<b>Attributable to:</b>		
Owners of the Company	(513,174)	(511,007)
Non-controlling interests	<u>258</u>	<u>(35,529)</u>
	<u><b>(512,916)</b></u>	<u>(546,536)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2024 HK\$'000	31 March 2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		260,382	255,862
Investment properties		15,012,989	15,147,509
Investments in joint ventures		393,129	393,129
Investment in an associate		769,814	790,284
Financial assets at fair value through profit or loss		23,572	7,862
Financial assets at fair value through other comprehensive income		<u>81,262</u>	<u>60,127</u>
Total non-current assets		<u>16,541,148</u>	<u>16,654,773</u>
<b>CURRENT ASSETS</b>			
Tax recoverable		27,012	3,569
Properties held for sale under development and completed properties held for sale		1,156,651	1,422,423
Trade receivables	9	7,480	10,884
Contract costs		8,129	9,364
Amount due from a joint venture		27,341	3,200
Financial assets at fair value through profit or loss		6,918	7,406
Prepayments, deposits and other receivables		332,066	305,606
Cash and bank balances		<u>1,294,112</u>	<u>1,751,897</u>
Total current assets		<u>2,859,709</u>	<u>3,514,349</u>
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables and accrued liabilities	10	30,221	132,348
Interest-bearing bank borrowings		1,713,765	1,563,778
Lease liabilities		28,394	13,856
Contract liabilities		129,143	269,880
Customer deposits		74,891	84,367
Tax payable		<u>25,793</u>	<u>320,141</u>
Total current liabilities		<u>2,002,207</u>	<u>2,384,370</u>
NET CURRENT ASSETS		<u>857,502</u>	<u>1,129,979</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,398,650</u>	<u>17,784,752</u>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

	<b>31 March 2024 HK\$'000</b>	31 March 2023 HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>4,792,947</b>	4,561,621
Lease liabilities	<b>18,193</b>	13,551
Deferred tax liabilities	<b>1,254,641</b>	1,333,063
	<hr/>	<hr/>
Total non-current liabilities	<b>6,065,781</b>	5,908,235
	<hr/>	<hr/>
Net assets	<b>11,332,869</b>	11,876,517
	<hr/>	<hr/>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Share capital	<b>1,519,301</b>	1,519,301
Reserves	<b>9,540,600</b>	10,143,828
	<hr/>	<hr/>
	<b>11,059,901</b>	11,663,129
	<hr/>	<hr/>
Non-controlling interests	<b>272,968</b>	213,388
	<hr/>	<hr/>
Total equity	<b>11,332,869</b>	11,876,517
	<hr/>	<hr/>

NOTES:

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

***Basis of presentation and preparation***

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

As at 31 March 2024, the Group had a net current assets of HK\$858 million, out of which HK\$1,157 million represented properties held for sale under development and completed properties held for sale and HK\$1,294 million represented its cash and bank balances, the Group has interest-bearing bank borrowings due within one year amounting to HK\$1,714 million.

In view of the prevailing slow-down of the property market and the current economic environment, the directors of the Company have given due consideration to the future liquidity and operating performance of the Group in assessing whether the Group will have sufficient funds to fulfill its financial obligations and to continue as a going concern for at least twelve months from 31 March 2024. The directors of the Company are of the view that the Group maintains adequate working capital, after taking into consideration of the following:

- (i) the ability to re-finance existing borrowings as well as new debt financing and bank borrowings at costs acceptable to the Group to finance the its existing financial and future operating and capital expenditures; and
- (ii) to accelerate the pre-sale of properties and sales of properties to speed up the collection of sales proceeds.

Taking into account the various measures mentioned above and the fact that (i) the Group is in net current assets position of HK\$858 million as at 31 March 2024 and (ii) the cash flows projection of the Group including the Group’s ability to obtain new financing, to renew or refinance the existing credit facilities before maturity, the directors of the Company are of the view that the Group has sufficient working capital to finance its operations in the next twelve months from the end of the reporting period. Accordingly, these financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and settlement of liabilities in the normal course of business.

The unaudited financial information relating to the year ended 31 March 2024 and the financial information relating to the year ended 31 March 2023 included in this preliminary announcement of annual results for the year ended 31 March 2024 do not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2023, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 March 2024 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on these financial statements for the year ended 31 March 2023. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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

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

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

HKFRS 17	<i>Insurance Contract</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

## 2. Operating Segment Information

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

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

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

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

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

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

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

For the year ended 31 March 2024

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property, carpark management and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	592,595	436,170	57,750	<u>1,086,515</u>
<b>Segment results</b>	<b>263,605</b>	<b>123,426</b>	<b>11,586</b>	<b>398,617</b>
<i>Reconciliation:</i>				
Interest income				26,180
Unallocated expenses				(51,820)
Fair value losses on a financial asset at fair value through profit or loss				(488)
Finance costs (other than interest on lease liabilities)				(309,613)
Share of profit of an associate				<u>9,365</u>
Profit before tax				<u><u>72,241</u></u>

For the year ended 31 March 2023

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

## 2. Operating Segment Information (Continued)

At 31 March 2024				
	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Segment assets</b>	1,456,754	15,605,312	2,809,522	19,871,588
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(3,066,550)
Investments in joint ventures				393,129
Investment in an associate				769,814
Financial assets at fair value through profit or loss				30,490
Financial assets at fair value through other comprehensive income				81,262
Corporate and other unallocated assets				<u>1,321,124</u>
Total assets				<u>19,400,857</u>
<b>Segment liabilities</b>	1,172,341	1,910,188	264,863	3,347,392
<i>Reconciliation:</i>				
Elimination of intersegment payables				(3,066,550)
Corporate and other unallocated liabilities				<u>7,787,146</u>
Total liabilities				<u>8,067,988</u>

### For the year ended 31 March 2024

	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Other segment information:</b>				
Fair value losses on investment properties, net	-	141,123	-	141,123
Gain on disposal of items of property, plant and equipment	(67)	-	(200)	(267)
Depreciation	2,270	7,462	20,209	29,941
Capital expenditure *	<u>890</u>	<u>543,821</u>	<u>4,579</u>	<u>549,290</u>

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

## 2. Operating Segment Information (Continued)

At 31 March 2023

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

For the year ended 31 March 2023

	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Other segment information:</b>				
Fair value losses on investment properties, net	-	56,016	-	56,016
Fair value gain 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	15,303	25,419
Capital expenditure *	<u>764</u>	<u>104,661</u>	<u>655</u>	<u>106,080</u>

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

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

### Geographical information

#### (a) Revenue

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>192,601</b>	191,029
Mainland China	<b>891,099</b>	858,392
Japan	<b>2,815</b>	-
	<b><u>1,086,515</u></b>	<u>1,049,421</u>

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

#### (b) Non-current assets

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>5,694,814</b>	5,579,346
Mainland China	<b>10,463,515</b>	11,007,239
Japan	<b>277,786</b>	-
Other	<b>199</b>	199
	<b><u>16,436,314</u></b>	<u>16,586,784</u>

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

### 3. Revenue and Other Income

#### Disaggregation of revenue

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

	For the year ended 31 March 2024			
	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Segment</b>				
Type of goods or services				
Sales of properties	592,595	-	-	592,595
Property management income and others	-	36,897	13,270	50,167
<b>Total revenue from contracts with customers</b>	<b>592,595</b>	<b>36,897</b>	<b>13,270</b>	<b>642,762</b>
Revenue from other sources				
Gross rental income	-	399,273	44,480	443,753
<b>Total revenue from other sources</b>	<b>-</b>	<b>399,273</b>	<b>44,480</b>	<b>443,753</b>
<b>Revenue disclosed in the segment information</b>	<b>592,595</b>	<b>436,170</b>	<b>57,750</b>	<b>1,086,515</b>
Timing of revenue recognition				
Goods transferred at a point in time	592,595	-	-	592,595
Services transferred over time	-	36,897	13,270	50,167
<b>Total revenue from contracts with customers</b>	<b>592,595</b>	<b>36,897</b>	<b>13,270</b>	<b>642,762</b>
	For the year ended 31 March 2023			
	Property development HK\$'000	Property investment HK\$'000	Property, carpark management and others HK\$'000	Total HK\$'000
<b>Segment</b>				
Type of goods or services				
Sales of properties	579,625	-	-	579,625
Property management income and others	-	38,367	14,145	52,512
<b>Total revenue from contracts with customers</b>	<b>579,625</b>	<b>38,367</b>	<b>14,145</b>	<b>632,137</b>
Revenue from other sources				
Gross rental income	-	381,010	36,274	417,284
<b>Total revenue from other sources</b>	<b>-</b>	<b>381,010</b>	<b>36,274</b>	<b>417,284</b>
<b>Revenue disclosed in the segment information</b>	<b>579,625</b>	<b>419,377</b>	<b>50,419</b>	<b>1,049,421</b>
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
<b>Total revenue from contracts with customers</b>	<b>579,625</b>	<b>38,367</b>	<b>14,145</b>	<b>632,137</b>



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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Other income</b>		
Bank and other interest income	26,180	17,516
Gain on disposal of items of property, plant and equipment	267	57
Others	17,483	14,881
Government subsidies*	-	3,095
	<u>43,930</u>	<u>35,549</u>

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

### 4. Finance Costs

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank loans	397,922	266,096
Interest on lease liabilities	2,910	1,189
Less: Interest capitalised under properties under development	<u>(88,309)</u>	<u>(49,957)</u>
	<u>312,523</u>	<u>217,328</u>

### 5. Profit Before Tax

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of properties sold	299,310	308,788
Direct operating expenses (including repairs and maintenance) arising from rental-earning properties	205,860	184,414
Depreciation of property, plant and equipment and right-of-use assets	29,941	25,419
Lease payments not included in the measurement of lease liabilities	1,836	5,440
Auditor's remuneration	3,106	3,048
Gain on disposal of items of property, plant and equipment	(267)	(57)
Fair value losses on financial assets at fair value through profit or loss	488	3,013
Employee benefit expenses (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	69,535	72,717
Pension scheme contributions	<u>2,283</u>	<u>2,101</u>
	71,818	74,818
Less: Amounts capitalised under properties under development	<u>(33,000)</u>	<u>(29,800)</u>
	<u>38,818</u>	<u>45,018</u>

At 31 March 2024 and 31 March 2023, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

## 6. Income Tax

	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong	-	(1,479)
Elsewhere	(59,897)	(56,410)
Land appreciation tax in Mainland China	(40)	(84,261)
	(59,937)	(142,150)
Deferred tax	13,623	(653)
Total tax charge for the year	(46,314)	(142,803)

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$4,573,000 (2023: HK\$153,423,000) and the weighted average number of ordinary shares in issue during the year of 720,429,301 (2023: 720,429,301).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2024 and 2023 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during the years ended 31 March 2024 and 2023.

## 8. Dividend

	2024 HK\$'000	2023 HK\$'000
Proposed final – 6.25 HK cents (2023: 12.5 HK cents) per ordinary share	45,027	90,054

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

## 9. Trade Receivables

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	752	882
31 to 60 days	185	156
61 to 90 days	59	143
Over 90 days	6,484	9,703
Total	7,480	10,884

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

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

Included in the trade payables, other payables and accrued liabilities are trade payables of HK\$8,907,000 (2023: HK\$7,492,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	<u>8,907</u>	<u>7,492</u>

## 11. Contingent Liabilities

- (a) As at 31 March 2024, the Group has given a guarantee of HK\$487,500,000 (2023: HK\$487,500,000) to a bank in connection with a facility granted to a joint venture and such banking facility guaranteed by the Group to the joint venture was utilised to the extent of HK\$237,500,000 (2023: HK\$237,500,000).
- (b) As at 31 March 2024, the Group has given guarantees of HK\$27,840,000 (2023: HK\$3,284,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property ownership certificates to the purchasers.

## 12. Event after the Reporting Period

On 28 May 2024, The Bauhinia Hotels Group Japan 2 合同会社 (Godo Kaisha), a solely funded and controlled company under the Group's 60% joint venture company, entered into the Sale and Purchase Agreement to dispose of its hotel property in Asakusa of Japan at a consideration of approximately JPY1,872.5 million (equivalent to approximately HK\$93.6 million as at the date of the Sale and Purchase Agreement) (the "Disposal"). The Disposal is expected to take place on or before 31 July 2024 and the gain on disposal upon completion attributable to the Group would be approximately JPY93 million (equivalent to approximately HK\$4.7 million as at the date of the Sale and Purchase Agreement).

The Disposal constituted a disclosable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Details of the transaction were set out in the announcement of the Company dated 28 May 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Operating Results

The Group recorded revenue of HK\$1,087 million for the year ended 31 March 2024 (2023: HK\$1,049 million), primarily derived from the property sales of Metropolitan Oasis in Nanhai, PRC, and the rental income of investment properties mainly in Hong Kong and the Mainland China.

Net profit attributable to shareholders was HK\$4.6 million (2023: HK\$153.4 million) while the underlying profit before taking into account the change in fair value of investment properties and deferred tax was HK\$132.1 million (2023: HK\$111.1 million). Basic earnings per share was HK\$0.0063 (2023: HK\$0.2130).

As at 31 March 2024, shareholders' equity was HK\$11,060 million (2023: HK\$11,663 million) and net assets per share attributable to shareholders stood at HK\$15.35 (2023: HK\$16.19). The decline in shareholders' equity at year end was mainly caused by the depreciation of Renminbi against Hong Kong Dollars during the year.

#### (i) Property Development segment

The Property Development segment recorded total revenue of HK\$593 million (2023: HK\$580 million), primarily from the continuing sales of the remaining residential units in Metropolitan Oasis as well as the sale of car parking spaces in Metropolitan Oasis and Botanica, contributed total segment profit of HK\$264 million for the year ended 31 March 2024 (2023: HK\$218 million).

As of 31 March 2024, the Group's contracted property sales but not yet recognized amounted to HK\$233 million, is targeted to be recognized in the financial year 2024/2025 onwards.

#### (ii) Property Investment segment

During the year, the Group's investment properties contributed rental revenue of HK\$436 million (2023: HK\$419 million) with segment profit of HK\$123 million (2023: HK\$303 million). The leasing portfolio maintained a satisfactory occupancy rate and achieved a slight improvement in rental income.

## (1) Property Development and Investment – Mainland China

### **Guangzhou, PRC**

#### *The Riverside 港匯臺 and Hon Kwok Building 漢國大廈*

The development project is situated at 45-107 Beijing Nan Road, Yue Xiu District, in close proximity of the Beijing Road Pedestrian Street. With a total gross floor area of approximately 77,700 sq.m., the development project comprises of a 30-storey commercial/residential building and a 32-storey commercial/office building. It is located at the waterfront of the Pearl River having unobstructed panoramic river views. The Riverside is a premium residential property offering 144 units for sale, whereas Hon Kwok Building is an office building primarily held as investment property for earning rental income.

Construction works of the project are substantially completed and the project is targeted to complete in the third quarter of 2024. The building design of Hon Kwok Building has been incorporated with sustainability and green building features and has obtained the Leadership in Energy and Environmental Design (LEED) Gold certification in 2022. Pre-sales of the residential units commenced in the fourth quarter of 2023 and received satisfactory market response. The contract sales but not yet recognized amounted to HK\$145 million as at 31 March 2024.

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. This primely located composite development integrating a wide variety of shopping, dining and leisure features, will offer an enjoyable one-stop shopping and dining experiences to customers.

#### *Ganghui Dasha 港滙大廈*

Ganghui Dasha is located at Beijing Road, Yue Xiu District. This 20-storey commercial/office building with a total gross floor area of approximately 13,000 sq.m. maintained stable rental income and reached an average occupancy rate of about 83% during the year (2023: 93%).

#### *Botanica 寶翠園*

Botanica is the Group's 60% owned development project in Tian He District and completed in 2016. All residential units were sold in and recognized as revenue in prior years. During the year ended 31 March 2024, a portion of car parking spaces in this project were sold in market, generating revenue of HK\$146 million (2023: Nil).

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

#### *Metropolitan Oasis 雅瑤綠洲*

Metropolitan Oasis is a residential project located in Da Li District, Nanhai. It has a total gross floor area of approximately 273,000 sq.m. comprising approximately 1,700 units in three phases. The development of the project has been completed in 2020 and has received encouraging sales responses since the project was first launched to market in 2013. Except for one apartment unit, all property units have been sold. During the year ended 31 March 2024, the project generated revenue of HK\$447 million (2023: HK\$580 million) from the property units delivered during the year, consisting of the sales of property units of HK\$367 million and car parking spaces of HK\$80 million. As at 31 March 2024, the contracted property sales but not yet booked amounted to HK\$88 million, which is expected to be recognised in the financial year 2024/2025.

## **Shenzhen, PRC**

### *Hon Kwok City Commercial Centre 漢國城市商業中心*

This prime investment property, with a total gross floor area of approximately 128,000 sq.m., is situated on Fu Ming Road, Futian District, a central business district of Shenzhen. This premium 75-storey building offers high-quality Grade A office and retail components, continued to be a landmark building in Futian District. Since the launch for leasing in 2019, it received favourable market responses and has attracted renowned multinational tenants. The building integrated the concept of sustainability and green building features and obtained the Leadership in Energy and Environmental Design (LEED) Gold certification in 2019. The property showed steady growth in occupancy and achieved an average overall occupancy rate of 68% for the year (2023: 63%).

### *City Square 城市天地廣場 and City Suites 寶軒公寓*

This 5-storey commercial podium is situated at Jia Bin Road, Luo Hu District, is occupied by the retail shops at ground level and the first floor, along with The Bauhinia Hotel (Shenzhen) 寶軒酒店(深圳) (the 162-room hotel) on the three upper floors. Following the lifting of containment measures during the year, the hotel business recovered steadily with gradual improvement in occupancy. Whereas for City Suites, a 64-unit serviced apartment on top of the podium, the average occupancy rate remained relatively stable and stood at around 90%.

### *Enterprise Square 僑城坊 (20% owned)*

This development project in which the Group owns a 20% interest, is situated at Qiaoxiang Road North, in Nanshan District with a total gross floor area of approximately 224,500 sq.m.. Completed in 2018, this comprehensive development comprises of twelve buildings including premium residential apartments, offices buildings and a commercial mall. The unsold portion of the project includes the remaining units of the residential apartments for sale and an office tower together with the commercial mall held as investment property for earning recurrent rental income. For the year ended 31 March 2024, the project generated revenue from property sales and rental income of HK\$270 million (2023: HK\$359 million). Net profit attributable to the Group in respect of Enterprise Square, including changes in fair value of the office tower and commercial mall classified as investment properties, amounted to HK\$9 million (2023: HK\$27 million) for the year ended 31 March 2024.

## **Chongqing, PRC**

### *Chongqing Hon Kwok Centre 重慶漢國中心*

Located in Bei Bu Xin Qu, this 21-storey twin-tower office building complex atop a 4-storey retail/commercial podium offers a total gross floor area of approximately 108,000 sq.m. and is held as investment property for earning recurrent rental income. The average occupancy rate was 69% during the year under review (2023: 80%).

### *Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心*

This 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., this investment property comprises a 41-storey office tower and a 42-storey hotel cum office composite tower, each with its respective 4-storey retail/commercial podium. Overall average occupancy rate was 84% during the year (2023: 84%).

## (2) Property Development and Investment – Hong Kong

### *Digital Realty Kin Chuen (HKG11)*

This data centre is situated at Kin Chuen Street, Kwai Chung, New Territories. With a gross floor area of approximately 228,000 sq.ft., the building comprises of 12-storeys above ground and a 2-level basement. It was designed to a high-level UTI Tier III standard, providing high quality facility to data-centre operators. The property is fully leased to a leading international data centre operator on a long-term lease with progressive rental increment.

### *The Bauhinia Hotel (Central) 寶軒酒店 (中環) and The Bauhinia 寶軒*

The Bauhinia Hotel (Central) is a 42-room boutique hotel occupying the four podium floors of a hotel/serviced apartment building whereas The Bauhinia is a 171-room serviced apartment residence atop the above hotel. The building is situated at Connaught Road Central and Des Voeux Road Central, within walking distance to the MTR Hong Kong Station, and Hong Kong-Macau Ferry Terminal. With the competitiveness edge of convenient access to public transportation networks, these fully furnished hotel and serviced apartments will meet the needs of business travelers from around the world.

The renovation project is well underway and is scheduled to complete in the third quarter of 2024. The project includes rebranding The Bauhinia (Central) to a stylish and luxury lifestyle serviced apartment and hotel. It integrates green and sustainable features by the application of smart technologies and energy-efficient materials such as the Photovoltaics “BIPV” technology on building façade, and will become the largest building in Hong Kong to generate electricity from sustainable solar energy. The enhancement project aims to pursue green and sustainability accreditation. The hotel/serviced apartment is targeted to reopen by the end of 2024.

### *The Bauhinia Hotel (TST) 寶軒酒店 (尖沙咀)*

Located in Observatory Court, Tsim Sha Tsui, Bauhinia Hotel (TST) 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 88% for the year ended 31 March 2024 (2023: 72%). The remaining portion of the building is leased for restaurant/commercial use. Following the full border reopening in 2023 and the rebound of the tourism industry, the hotel sector showed sign of recovery in term of occupancy and daily room rate.

### *Hon Kwok Jordan Centre 漢國佐敦中心*

With a gross floor area of approximately 62,000 sq.ft., Hon Kwok Jordan Centre is a 23-storey commercial/office building situated at Hillwood Road, Tsim Sha Tsui. During the year ended 31 March 2024, the property generated stable rental income and maintained an average occupancy rate of approximately 90% (2023: 96%).

### *Development project on South Bay Road, Repulse Bay*

The joint venture project, in which the Group owns a 50% interest, is situated at South Bay Road, Repulse Bay. With a site area of approximately 1,967 sq.m., the project is being developed into luxury residences with panoramic sea views. The development is progressing on schedule and according to plan.

### **(3) Acquisition of hotel properties in Japan**

To capture business opportunity, the Group has been investing in a portfolio of hotel properties in Japan through a 60% owned subsidiary. As of 31 March 2024, the Group has acquired five hotel properties in Osaka and Tokyo, at an aggregate cash consideration of approximately HK\$286 million. The properties are held as investment properties for earning recurrent rental income and the acquisitions were financed by internal resources and bank mortgage loans.

### **(4) Property and carpark management**

For the year ended 31 March 2024, the property and carpark management division reported revenue of HK\$46 million as compared with HK\$38 million last year. The Group's carpark management division maintained satisfactory performance during the year. As at 31 March 2024, the Group managed 26 car parks (31 March 2023: 25 car parks) with approximately 1,810 parking spaces (31 March 2023: 2,090 parking spaces).

### **(5) Property Investment - Valuation**

The Group's investment property portfolio measured on a fair value basis, was valued at HK\$15,013 million as at 31 March 2024 (as at 31 March 2023: HK\$15,148 million), comprised of Mainland China portfolio of HK\$9,484 million, Hong Kong portfolio of HK\$5,253 million and Japan portfolio of HK\$276 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 of HK\$141 million for the year ended 31 March 2024 (2023: decrease of HK\$56 million) to reflect the fair value of investment properties.

## **FINANCIAL REVIEW**

### **Liquidity and financial resources**

The total interest-bearing debts of the Group amounted to approximately HK\$6,553 million as at 31 March 2024 (2023: HK\$6,153 million), of which approximately 27% (2023: 26%) of the debts were classified as current liabilities. Included therein were debts of HK\$1,471 million related to project loan which will be refinanced during the forthcoming financial year. Assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 4%. Total cash and bank balances including time deposits were approximately HK\$1,294 million as at 31 March 2024 (2023: HK\$1,752 million). Included in cash and bank balances are restricted bank deposits of HK\$137 million (2023: Nil) which can only be applied in the designated property development projects prior to their completion of construction. The Group had committed but undrawn banking facilities of a total of approximately HK\$383 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2024 were approximately HK\$11,060 million (2023: HK\$11,663 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\$5,259 million (2023: HK\$4,401 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$11,333 million (2023: HK\$11,877 million), was 46% as at 31 March 2024 (2023: 37%).

### **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 2024, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

### **Pledge of assets**

Properties with an aggregate carrying value of approximately HK\$15,919 million as at 31 March 2024 were pledged to secure certain banking facilities of the Group.

### **Employees and remuneration policies**

The Group, not including its joint ventures and associate, employed approximately 370 employees as at 31 March 2024. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

## **CONNECTED TRANSACTIONS**

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

Details of the transaction were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 12 July 2018 and the Company's circular dated 8 August 2018. Construction works were completed and pending for agreement of variation orders and final accounts of the project. During the year ended 31 March 2024, HK\$3,796,200 was paid to Chinney Construction in respect of the transaction.

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

Details of the transactions were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 26 September 2022 and the Company's circular dated 8 November 2022. During the year ended 31 March 2024, HK\$36,726,300 was paid to Shun Cheong and HK\$32,238,000 was paid to Chinney Construction, respectively in respect of the transactions.

## **DIVIDEND**

The Directors recommend payment of a final dividend of 6.25 Hong Kong cents per ordinary share for the year ended 31 March 2024 (2023: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 9 September 2024. Subject to approval by shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 7 October 2024.

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

The annual general meeting of the Company is scheduled to be held on 30 August 2024. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 27 August 2024 to 30 August 2024 (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 26 August 2024.

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

The proposed final dividend for the year ended 31 March 2024 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 6 September 2024 to 9 September 2024 (both days inclusive), 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 3 September 2024. 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 5 September 2024.

## **CORPORATE GOVERNANCE**

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2024.

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

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules for the year ended 31 March 2024, except for the following deviations:

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

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

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

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

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

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

Due to other business commitments, Dr. Wong, the then Chairman of the Board was unable to attend the annual general meeting of the Company held on 31 August 2023.

### **Audit Committee**

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed with management the annual results of the Group for the year ended 31 March 2024.

### **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2024.

By Order of the Board  
**James Sing-Wai Wong**  
Chairman

Hong Kong, 27 June 2024

*At the date of this announcement, the directors of the Company are Mr. James Sing-Wai Wong (Chairman), Mr. Xiao-Ping Li, Mr. Philip Bing-Lun Lam and Mr. Donald Yin-Shing Lam as executive directors; Dr. Emily Yen Wong as non-executive director; and Ms. Janie Fong, Mr. David Tak-Wai Ma, Mr. James C. Chen and Mr. Raymond Ming-Joe Chow as independent non-executive directors.*