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香港興業國際集團有限公司*

HKR International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00480)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

RESULTS

The Board of Directors (the “Board”) of HKR International Limited (the “Company”) announces the audited final results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2023 (“FY2023”).

The Group’s revenue for the FY2023 amounted to HK\$1,693.7 million, decreased by 59.4% from HK\$4,167.9 million in the last year. As a result, the Group’s underlying profit excluding net unrealised losses on fair value change of investment properties of HK\$495.6 million accordingly declined by 48.4% from HK\$960.4 million in the last year. Such decline is primarily owing to: (i) decrease in the Group’s revenue and profit from sale of properties as the pace of property sales in Hong Kong has slowed down considerably during the year while property sales launch of Starlight One, a project in Jiaying, the People’s Republic of China (“PRC”) was rescheduled to March 2023 for capturing the reviving market sentiment leading to the deferment in profit recognition of sales from FY2023 to next financial year; and (ii) rising interest rates leading to increase in the Group’s finance costs.

With the net unrealised losses on fair value change of investment properties included, the profit attributable to owners of the Company amounted to HK\$455.6 million, decreased by 58.5% from HK\$1,097.3 million in the last year. Basic earnings per share were HK30.7 cents for the FY2023, compared to HK73.9 cents for the last year.

DIVIDEND

The Board has recommended the declaration of a final dividend of HK1 cent per share for the FY2023 (2022: HK5 cents) to the shareholders of the Company (the “Shareholders”) whose names appear on the registers of members of the Company on 1 September 2023. The proposed final dividend will be paid on 19 September 2023 following approval at 2023 annual general meeting of the Company to be held on 23 August 2023 (“2023 AGM”). The proposed final dividend represents the total dividend payable by the Company for the year ended 31 March 2023 (2022: HK8 cents).

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed from 18 to 23 August 2023 (both days inclusive) and from 30 August to 1 September 2023 (both days inclusive) for the 2023 AGM and the final dividend respectively. During the periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, and entitled for the proposed final dividend for the FY2023, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August and 29 August 2023 respectively. The notice of the 2023 AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and despatched to the Shareholders in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2023 HK\$'M	2022 HK\$'M
Continuing operations			
Revenue	3	1,693.7	4,167.9
Cost of sales		<u>(906.0)</u>	<u>(2,675.9)</u>
Gross profit		787.7	1,492.0
Other income		179.6	229.1
Other gains and losses	4	249.3	(45.0)
Selling, administrative and other operating expenses		(656.1)	(667.3)
Change in fair value and gains on disposals of investment properties			
Realised gains on disposals		26.6	384.6
Unrealised (losses)/gains		(86.3)	63.3
Finance costs	5	(230.0)	(123.3)
Share of results of associates		(0.2)	(0.2)
Share of results of joint ventures		<u>284.3</u>	<u>343.4</u>
Profit before taxation	6	554.9	1,676.6
Taxation	7	<u>(76.7)</u>	<u>(483.9)</u>
Profit for the year from continuing operations		478.2	1,192.7
Discontinued operation			
Profit for the year from discontinued operation		<u>—</u>	<u>26.8</u>
Profit for the year		<u>478.2</u>	<u>1,219.5</u>
Profit for the year attributable to owners of the Company			
From continuing operations		455.6	1,069.8
From discontinued operation		<u>—</u>	<u>27.5</u>
Profit for the year attributable to owners of the Company	8	<u>455.6</u>	<u>1,097.3</u>
Profit/(loss) for the year attributable to non-controlling interests			
From continuing operations		22.6	122.9
From discontinued operation		<u>—</u>	<u>(0.7)</u>
Profit for the year attributable to non-controlling interests		<u>22.6</u>	<u>122.2</u>

	<i>Note</i>	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Earnings per share from continuing operations	<i>10</i>		
Basic (<i>HK cents</i>)		<u>30.7</u>	<u>72.0</u>
Diluted (<i>HK cents</i>)		<u>30.7</u>	<u>72.0</u>
Earnings per share from discontinued operation	<i>10</i>		
Basic (<i>HK cents</i>)		<u>—</u>	<u>1.9</u>
Diluted (<i>HK cents</i>)		<u>—</u>	<u>1.9</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2023

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Profit for the year	<u>478.2</u>	<u>1,219.5</u>
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified to profit or loss</i>		
Investments in equity instruments measured at fair value through other comprehensive income:		
Fair value changes during the year	(19.2)	(8.0)
Deferred tax arising from fair value changes	<u>0.1</u>	<u>—</u>
	<u>(19.1)</u>	<u>(8.0)</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	(639.3)	310.0
Exchange differences arising from translation of other foreign operations	(404.5)	44.4
Release of exchange reserve upon disposal of a foreign joint venture	22.3	—
Release of exchange reserve upon deregistration of foreign subsidiaries	28.1	(0.3)
Share of asset revaluation reserve of a joint venture	<u>2.2</u>	<u>—</u>
	<u>(991.2)</u>	<u>354.1</u>
Other comprehensive (expense)/income for the year, net of tax	<u>(1,010.3)</u>	<u>346.1</u>
Total comprehensive (expense)/income for the year	<u>(532.1)</u>	<u>1,565.6</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(554.7)	1,443.4
Non-controlling interests	<u>22.6</u>	<u>122.2</u>
	<u>(532.1)</u>	<u>1,565.6</u>
Total comprehensive (expense)/income attributable to owners of the Company arises from:		
Continuing operations	(554.7)	1,417.9
Discontinued operation	<u>—</u>	<u>25.5</u>
	<u>(554.7)</u>	<u>1,443.4</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2023

	<i>Note</i>	2023 HK\$'M	2022 HK\$'M
Non-current assets			
Investment properties		14,157.2	14,303.1
Property, plant and equipment		2,648.1	2,741.8
Right-of-use assets		78.2	85.5
Interests in associates		—	—
Interests in joint ventures		10,105.3	10,222.2
Properties held for development for sale		3,149.7	4,592.0
Equity instruments measured at fair value through other comprehensive income		24.7	44.2
Financial assets at fair value through profit or loss		462.1	528.0
Investments in debt instruments measured at amortised cost		49.5	73.0
Other assets		396.8	702.0
Deferred tax assets		109.4	57.6
		<u>31,181.0</u>	<u>33,349.4</u>
Current assets			
Inventories		31.8	32.5
Properties held for sale		2,337.5	877.8
Properties under development for sale		6,067.8	4,596.8
Trade receivables	<i>11</i>	47.6	63.9
Deposits, prepayments and other receivables		750.4	1,252.4
Amounts due from associates		4.0	4.1
Amounts due from joint ventures		192.1	205.3
Investments in debt instruments measured at amortised cost		21.6	34.3
Taxation recoverable		56.0	85.8
Bank balances and cash		6,212.6	2,717.7
		15,721.4	9,870.6
Assets classified as held for sale		<u>—</u>	<u>187.5</u>
		<u>15,721.4</u>	<u>10,058.1</u>

	<i>Notes</i>	2023 HK\$'M	2022 <i>HK\$'M</i>
Current liabilities			
Trade payables, provision and accrued charges	<i>12</i>	1,169.3	1,081.3
Deposits received and other financial liabilities		1,363.1	159.9
Contract liabilities		2,075.4	138.8
Bank and other loans due within one year		2,297.4	2,390.8
Lease liabilities		6.0	7.1
Taxation payable		291.0	320.7
		<u>7,202.2</u>	<u>4,098.6</u>
Net current assets		<u>8,519.2</u>	<u>5,959.5</u>
Total assets less current liabilities		<u>39,700.2</u>	<u>39,308.9</u>
Non-current liabilities			
Contract liabilities		70.9	63.8
Bank and other loans due after one year		9,281.7	8,264.6
Lease liabilities		47.9	52.6
Other liabilities due after one year		2,621.9	2,479.1
Deferred tax liabilities		406.9	502.5
		<u>12,429.3</u>	<u>11,362.6</u>
		<u>27,270.9</u>	<u>27,946.3</u>
Capital and reserves			
Share capital	<i>13</i>	371.3	371.3
Reserves		24,026.6	24,655.6
Equity attributable to owners of the Company		24,397.9	25,026.9
Non-controlling interests		2,873.0	2,919.4
		<u>27,270.9</u>	<u>27,946.3</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 BASIS OF PREPARATION

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

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

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

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

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

Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements	Annual Improvements to HKFRSs 2018–2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKFRS 17	Insurance Contracts
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

3 REVENUE AND SEGMENT INFORMATION

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

The segment information reported as below does not include the financial information of "Healthcare" operating segment as it had become a discontinued operation.

Disaggregation of revenue

Continuing operations

	For the year ended 31 March 2023					
	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
Types of goods or services:						
Sales of properties	241.5	—	—	—	—	241.5
Hotel revenue	—	—	—	274.7	—	274.7
Other services rendered	32.8	112.6	270.0	—	287.2	702.6
Revenue from contracts with customers	274.3	112.6	270.0	274.7	287.2	1,218.8
Rental income	—	472.7	0.8	—	1.4	474.9
Consolidated revenue, as reported	274.3	585.3	270.8	274.7	288.6	1,693.7
Geographical markets:						
Hong Kong	163.3	561.3	270.8	198.6	288.6	1,482.6
Mainland China	110.6	23.7	—	—	—	134.3
Japan	—	0.3	—	—	—	0.3
South East Asia	0.4	—	—	76.1	—	76.5
Total	274.3	585.3	270.8	274.7	288.6	1,693.7
Timing of revenue recognition:						
At a point in time	241.5	—	252.6	124.4	176.2	794.7
Over time	32.8	112.6	17.4	150.3	111.0	424.1
Total	274.3	112.6	270.0	274.7	287.2	1,218.8

For the year ended 31 March 2022

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
Types of goods or services:						
Sales of properties	2,937.9	—	—	—	—	2,937.9
Hotel revenue	—	—	—	218.4	—	218.4
Other services rendered	21.3	31.3	223.3	—	261.7	537.6
Revenue from contracts with customers	2,959.2	31.3	223.3	218.4	261.7	3,693.9
Rental income	4.0	469.0	0.8	—	0.2	474.0
Consolidated revenue, as reported	2,963.2	500.3	224.1	218.4	261.9	4,167.9
Geographical markets:						
Hong Kong	1,119.6	455.0	224.1	188.6	261.9	2,249.2
Mainland China	1,831.3	9.0	—	—	—	1,840.3
Japan	—	36.3	—	—	—	36.3
South East Asia	12.3	—	—	29.8	—	42.1
Total	2,963.2	500.3	224.1	218.4	261.9	4,167.9
Timing of revenue recognition:						
At a point in time	2,937.9	—	208.0	96.0	211.4	3,453.3
Over time	21.3	31.3	15.3	122.4	50.3	240.6
Total	2,959.2	31.3	223.3	218.4	261.7	3,693.9

Operating segments

Segment information

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

Continuing operations

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

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2022						
Revenue						
Segment revenue — sales to external customers derived by the Group, an associate and joint ventures	3,130.9	2,455.1	224.1	218.4	261.9	6,290.4
Excluding revenue of an associate and joint ventures	<u>(167.7)</u>	<u>(1,954.8)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,122.5)</u>
Consolidated revenue, as reported	<u>2,963.2</u>	<u>500.3</u>	<u>224.1</u>	<u>218.4</u>	<u>261.9</u>	<u>4,167.9</u>
Results						
Segment results — total realised results of the Group, associates and joint ventures (<i>note a</i>)	458.3	1,195.3	37.5	(31.3)	(5.7)	1,654.1
Excluding realised results of associates and joint ventures not shared by the Group	<u>(8.2)</u>	<u>(274.6)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(282.8)</u>
Results attributable to the Group	<u>450.1</u>	<u>920.7</u>	<u>37.5</u>	<u>(31.3)</u>	<u>(5.7)</u>	1,371.3
Unallocated other expenses						(14.1)
Unallocated corporate expenses						(194.4)
Finance costs and corporate level exchange difference						(90.1)
Net unrealised gains on fair value change of investment properties (<i>note b</i>)						63.0
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						<u>57.0</u>
Profit for the year						1,192.7
Non-controlling shareholders' share of profit for the year						<u>(122.9)</u>
Profit for the year attributable to owners of the Company						<u>1,069.8</u>

Notes:

- (a) The segment results of the Group include the entire results of associates and joint ventures, excluding the net unrealised gains or losses on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised losses on fair value change of investment properties for the year ended 31 March 2023 of HK\$86.3 million (2022: gains of HK\$63.0 million) represented the unrealised losses on fair value change of investment properties of HK\$86.3 million (2022: gains of HK\$63.3 million) net of deferred tax charge arising from change in fair value of HK\$nil (2022: HK\$0.3 million).

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

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

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

Other segment information

Continuing operations

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

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Transportation services and property management <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Leisure businesses <i>HK\$'M</i>	Unallocated amounts <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2022							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales*	—	(1.6)	(8.2)	—	(3.1)	—	(12.9)
Depreciation of property, plant and equipment	25.0	15.9	16.6	67.5	62.7	7.8	195.5
Depreciation of right-of-use assets	4.2	—	0.8	—	0.5	3.3	8.8
Impairment loss on loans to joint ventures	—	—	—	—	—	0.7	0.7
Impairment loss on investments in debt instruments measured at amortised cost	—	—	—	—	—	8.6	8.6
Impairment loss on other assets	—	—	—	0.2	—	—	0.2
Impairment loss on property, plant, and equipment	—	—	7.1	—	—	—	7.1
Net gain on financial assets at FVTPL	—	—	—	—	—	(1.1)	(1.1)
Net gain on mortgage instalment receivables	(14.5)	—	—	—	—	—	(14.5)
Net loss/(gain) on disposal of subsidiaries	8.4	(2.4)	—	—	—	—	6.0
Net (gain)/loss on disposal of property, plant and equipment	(0.4)	—	(0.3)	(1.9)	1.7	—	(0.9)
Interest income	(31.4)	(0.1)	—	—	—	(17.2)	(48.7)
Finance costs	1.0	3.1	1.3	—	0.6	117.3	123.3
Income tax charge/(credit)	355.7	82.0	(2.6)	7.5	12.6	28.7	483.9
Share of results of associates	0.2	—	—	—	—	—	0.2
Share of results of joint ventures	(11.8)	(274.6)	—	—	—	(57.0)	(343.4)

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

Revenue from major products and services

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

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Continuing operations		
Sales of properties	241.5	2,937.9
Rental income	474.9	474.0
Hotel revenue	274.7	218.4
Other services rendered	702.6	537.6
	1,693.7	4,167.9

Geographical information

For each of the years ended 31 March 2023 and 31 March 2022, the Group's operations are located in Hong Kong, mainland China, Japan and South East Asia.

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

	Revenue from external customers		Non-current assets <i>(note a)</i>	
	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Continuing operations				
Hong Kong	1,482.6	2,249.2	17,785.7	19,410.0
Mainland China	134.3	1,840.3	4,277.9	4,643.8
Japan	0.3	36.3	50.1	50.3
South East Asia <i>(note b)</i>	76.5	42.1	1,709.0	1,744.0
	<u>1,693.7</u>	<u>4,167.9</u>	<u>23,822.7</u>	<u>25,848.1</u>

Notes:

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

Information about major customers

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

4 OTHER GAINS AND LOSSES

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Continuing operations		
Other gains/(losses) include the following:		
Net gain on disposal of a joint venture	368.0	—
Net loss on disposal of subsidiaries	—	(6.0)
Net (loss)/gain on deregistration of subsidiaries	(27.8)	0.3
Net foreign exchange loss	(18.0)	(39.2)
Net gain on disposal of property, plant and equipment	0.5	0.9
Impairment loss on other assets	—	(0.2)
Impairment loss reversed/(recognised) on property, plant and equipment	6.5	(7.1)
Net (loss)/gain on financial assets at FVTPL	(49.6)	1.1
Net (loss)/gain on mortgage instalment receivables	<u>(11.5)</u>	<u>14.5</u>
	268.1	(35.7)
Impairment losses under expected credit loss model, net of reversal, include the following:		
Impairment loss recognised on loans to joint ventures	(2.3)	(0.7)
Impairment loss on investments in debt instruments measured at amortised cost	<u>(16.5)</u>	<u>(8.6)</u>
	249.3	(45.0)

5 FINANCE COSTS

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Continuing operations		
Interests on		
Bank and other loans	334.0	120.7
Advances from non-controlling shareholders	82.3	35.1
Lease liabilities	2.2	2.1
Bank and other loans arrangement fees	<u>29.1</u>	<u>21.0</u>
	447.6	178.9
Less: Amounts included in the qualifying assets (<i>note</i>)	<u>(217.6)</u>	<u>(55.6)</u>
	230.0	123.3

Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties under development for sale and assets under construction, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 3.53% (2022: 1.48%) per annum.

6 PROFIT BEFORE TAXATION

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Continuing operations		
Profit before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration		
Audit services	8.5	7.9
Non-audit services	3.1	2.8
Cost of properties sold	129.7	2,004.8
Salaries, wages, bonus and other benefits	553.4	543.7
Retirement benefits schemes contribution	<u>23.8</u>	<u>22.4</u>
Staff costs incurred (including directors' remuneration)	<u>577.2</u>	<u>566.1</u>
Gross rental income under operating leases on:		
Investment properties	(464.6)	(460.5)
Other properties	(10.3)	(13.5)
Less: Outgoings	<u>57.6</u>	<u>48.1</u>
	<u>(417.3)</u>	<u>(425.9)</u>
Depreciation of property, plant and equipment	187.6	195.5
Depreciation of right-of-use assets	<u>8.5</u>	<u>8.8</u>

7 TAXATION

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Continuing operations		
Hong Kong Profits Tax calculated at 16.5% (2022: 16.5%) of the estimated assessable profit for the year	47.6	85.0
Overseas tax calculated at rates prevailing in respective jurisdictions	160.7	143.7
Land appreciation tax ("LAT")	<u>(2.5)</u>	<u>172.0</u>
	205.8	400.7
Deferred taxation for the year	<u>(129.1)</u>	<u>83.2</u>
	<u>76.7</u>	<u>483.9</u>

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

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

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2011, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance.

8 PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

From continuing and discontinued operations

Profit for the year attributable to owners of the Company comprises:

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
(a) Net unrealised (losses)/gains on change in fair value of investment properties during the year		
— The Group	(86.3)	63.3
Deferred tax charge	—	(0.3)
Attributable to non-controlling interests	<u>13.2</u>	<u>16.9</u>
	(73.1)	79.9
— Joint venture, net of deferred tax	<u>33.1</u>	<u>57.0</u>
	<u>(40.0)</u>	<u>136.9</u>
(b) Profits excluding net unrealised gains on change in fair value of investment properties		
From continuing operations	495.6	932.9
From discontinued operation	<u>—</u>	<u>27.5</u>
	495.6	960.4
Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the year	<u>31.4</u>	<u>187.3</u>
	<u>527.0</u>	<u>1,147.7</u>
Sub-total	487.0	1,284.6
Less: Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the year	<u>(31.4)</u>	<u>(187.3)</u>
Profit for the year attributable to owners of the Company	<u>455.6</u>	<u>1,097.3</u>

9 DIVIDENDS

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2022 of HK5 cents (2022: final dividend paid for the financial year ended 31 March 2021 of HK5 cents) per share	74.3	74.3
No interim dividend paid for the financial year ended 31 March 2023 (2022: interim dividend paid for the financial year ended 31 March 2022 of HK3 cents per share)	<u>—</u>	<u>44.5</u>
	<u>74.3</u>	<u>118.8</u>

The directors of the Company proposed a final dividend for the financial year ended 31 March 2023 of HK1 cent (2022: for the financial year ended 31 March 2022 of HK5 cents) per share totaling approximately HK\$14.9 million (2022: HK\$74.3 million).

10 EARNINGS PER SHARE

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

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share arising from:		
Continuing operations	455.6	1,069.8
Discontinued operation	<u>—</u>	<u>27.5</u>
	<u>455.6</u>	<u>1,097.3</u>
	2023	2022
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share	1,485,301,803	1,485,301,803
Effect of dilutive potential ordinary share:		
Adjustment in relation to share options issued by the Company	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,485,301,803</u>	<u>1,485,301,803</u>

For the years ended 31 March 2023 and 2022, diluted earnings per share was the same as the basic earnings per share since the share options had anti-dilutive effect.

11 TRADE RECEIVABLES

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

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

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Not yet due	24.5	36.4
Overdue:		
0–60 days	13.4	18.9
61–90 days	1.6	4.4
Over 90 days	8.1	4.2
	47.6	63.9

12 TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$54.8 million (2022: HK\$76.2 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	2023 <i>HK\$'M</i>	2022 <i>HK\$'M</i>
Not yet due	39.4	41.8
Overdue:		
0–60 days	13.4	28.1
61–90 days	—	2.7
Over 90 days	2.0	3.6
	54.8	76.2

13 SHARE CAPITAL

	Number of shares	HK\$'M
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	4,000,000,000	1,000.0
Issued and fully paid:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	1,485,301,803	371.3

BUSINESS REVIEW

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

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

LAND BANK

As of 31 March 2023, total land bank (including those held directly by joint ventures) attributable to the Group amounted to 8,435,000 square feet, which is earmarked for property development upon fulfilment of the related terms and conditions. During the FY2023, the Group acquired 1,415,000 square feet of developable gross floor area ("GFA").

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's revenue from property development and investment for FY2023, including the proportionate share of joint ventures and associates of HK\$973 million (2022: HK\$1,061 million), was HK\$1,833 million, down from HK\$4,525 million in preceding year.

The contribution from property development and investment, including the proportionate share of joint ventures and associates of HK\$251 million (2022: HK\$286 million), was HK\$819 million (2022: HK\$1,371 million).

Property Development

Hong Kong

The COVID-19 pandemic's fifth wave and stringent social-distancing measures adversely impacted economic activity for most of 2022. Property sales activities were interrupted and transaction price and volume trended down. During the FY2023, volatile global economic conditions, rising interest rates and a weakened stock market further hindered market confidence and local demand. The property market has only rebounded after Hong Kong reopened its borders and removed social-distancing measures in February 2023. Nonetheless, the uptick is relatively shallow compared to the extent of the downturn over the course of the pandemic. A full recovery to pre-pandemic levels will take longer and will depend on the macro-economic situation. The Group will remain cautious when implementing its strategies and paving the way for its long-term sustainable development.

During the FY2023, planning and upgrade works continued to progress at DB (in which the Group holds a 50% interest). The investments exemplify the Group's commitment to the community. According to the strategic DB 2.0 Roadmap, apart from providing high-quality housing units that align with the market's growing expectations, DB's infrastructure and facilities will also be upgraded, providing a high-quality living environment and sustainable homes for the residential community. As part of this upgrade program, the Group is refurbishing the piers' facilities to enhance customers' convenience and experience.

The planning for and development of a land plot in DB North continued according to DB Master Plan 7.0E. The whole project provides over 1.3 million square feet GFA with over 1,400 residential units, located around a green living environment featuring a 160,000 square feet central park. Construction of the first phase (Phase 19) commenced in February 2022. Stage 1 of foundation work was completed in February 2023 while stage 2 is targeted to complete by July 2023. Superstructure work commenced in April 2023 and is expected to be completed by the end of 2025.

The rezoning of staff quarters at DB Area 6f to residential use was approved in principle by the Town Planning Board. Corresponding revision of outline zoning plan and approval of master plan is being processed by the relevant departments. Area 6f will provide about 500 residential units upon completion. The Group is now exploring the feasibility of adopting Modular Integrated Construction (“MiC”), an environmentally-friendly building method that maximises off site construction and reduces waste, for this project.

The sustainability-inspired DB Multi-recreation Centre complex (official name to be announced) is advancing, and site work has commenced in May 2023. The complex’s plan incorporates green architectural design by utilising renewable energy and leveraging up-cycled materials for construction. It will offer a range of educational, sports and leisure facilities, and is set to establish another brand-new leisure hub in DB.

VILLA LUCCA (a 40:60 joint-venture with Hysan Development Company Limited), a world-class luxury residential project with sea views in Tai Po, has been attracting an increasing number of local and Mainland prospective buyers, attributing to its proximity to the proposed Northern Metropolis, and convenient access to the city centre and multiple land-border crossings. Viewing volume for the project increased significantly following the full resumption of normal travel arrangements between Hong Kong and the Mainland. The certificate of compliance for the project was issued in March 2023.

With regards to the residential redevelopment project at Hollywood Road and Upper Lascar Row, the foundation work is in progress. The project is expected to be completed by the end of 2025.

The Group’s residential projects in Hong Kong as of 31 March 2023 are summarised below:

Poggibonsi, DB (50% owned)

Total units: 196

Units sold: 190 (2 sold during the FY2023)

Sales proceeds generated during the FY2023: HK\$40.3 million

Revenue of 2 sold units recognised during the FY2023

IL PICCO, DB (50% owned)

Total units: 21 garden houses

Units sold: 7 (2 sold during the FY2023)

Sales proceeds generated during the FY2023: HK\$105.8 million

Revenue of 2 sold units recognised during the FY2023

VILLA LUCCA, Tai Po (40% owned)

Total units: 262

Units sold: 18 (18 sold during the FY2023)

Sales proceeds generated during the FY2023: HK\$464.9 million

Revenue of 9 sold units recognised during the FY2023

Mainland China

As a result of interruptions caused by the pandemic, construction and transactions of Mainland's residential market contracted for most of the FY2023. The property market began to recover after the easing of stringent containment measures and gradual resumption of economic and social activities in the last quarter of 2022. The property markets in the cities where the Group operates are relatively resilient and showed signs of recovery.

Supportive central and local government policies helped warm up the market from the beginning of 2023. Housing demand started edging up and land sales rebounded from a low base. Full positive impact on the market will probably be apparent in the long term – property developers are cautiously resuming the pace of development and investment.

Alongside the gradual resumption of economic activity and the expected increase in market demand, the Group has started to ramp up its property development and sales activities during the FY2023.

In Jiaxing, Starlight One, a deluxe residential project of 392 high-rise apartments and villas, obtained its occupation permit in January 2023. Over 94% of the units were sold on the launch day in March 2023.

Starlight One, Jiaxing

Total units: 392 high-rise apartments and villas

Units sold: 371

GFA (sq. ft.): 768,000

Occupation permit: obtained in January 2023

In the same month, the Group acquired a residential plot in Jiaxing's Nanhu New District with a GFA of 1,415,000 square feet. It sits at a river junction and is set to benefit from the development potential of the Nanhu Fund Town.

In Hangzhou, development of IN One, a premium low-density project comprising 245 apartments and 50 villas, is progressing on schedule with completion expected by the end of 2023.

The residential plot in Shanghai's Songjiang District, which the Group acquired in January 2022, will be developed into low-density residences providing around 300 units. Foundation work has completed and superstructure work is progressing.

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

Projects	GFA (sq. ft.)	Status as of 31 March 2023
<i> Jiaxing, Zhejiang </i>		
Land lot no. 2023-06 in Nanhu New District	1,415,000	Planning in progress, to be developed into a premium apartment development with a plot ratio of 2:1. Expected works commencement: End of 2023
<i> Hangzhou, Zhejiang </i>		
IN One	430,000	245 low-rise apartments and 50 villas. Construction works: In progress. Expected completion: End of 2023
<i> Shanghai </i>		
Land lot no. SJS30003-02-04 in Songjiang District	350,000	Around 300 units with a plot ratio of 1:1. Foundation work has completed and superstructure works commenced in February 2023.

The Group will continue to explore investment opportunities in mainland China to expand its business footprint in other cities, especially in the Yangtze River Delta region.

Thailand

Thailand relaxed travel restrictions in 2022, with Thailand Pass removed in July 2022. Since then, Thailand's economy and tourist arrivals have been recovering and growing sharply compared to 2021. At present, they are around halfway to returning to the pre-pandemic level, and full recovery will take time. Real estate market sentiment is expected to continue improving as the economy recovers.

In February 2023, the Group disposed of its 49% interest in the Wireless Road project, realising an attractive return to expand its pool of funds for future investment opportunities. The Group will continue to assess appropriate development and investment opportunities and divest existing land bank at appropriate time when the land price has appreciated to a favourable level.

Property Investment

Hong Kong

Business sentiment in Hong Kong stabilised from mid-2022 as the fifth wave of the pandemic receded. Economic activity started to restore order following the removal of social distancing measures and the re-opening of borders in 2023.

Retail sales in Hong Kong rebounded from a relatively low base in 2022, and rose 7% year-on-year in January 2023. The momentum continued further with 31% and 41% year-on-year growth in February and March 2023 respectively.

Office rental demand was subdued in 2022 because of the pandemic and uncertain economic outlook. Businesses tended to relocate to more cost-effective locations or reduce office space by implementing remote working from home, a trend that continued even when market sentiment started to improve in early 2023.

To maintain occupancy rates and recruit new tenants, the Group deployed proactive leasing activities including a series of marketing campaigns and provision of furniture and fitting out packages.

The property investment projects in DB, in which the Group holds a 50% interest, recorded stable revenue during the FY2023. DB Plaza and DB North together achieved an average occupancy rate of 87%. Planning is under way to enhance the retail mall, providing a better environment, and retail and dining experiences for DB residents and visitors.

The Group retained its major anchor tenants at the CDW Building in Tsuen Wan, and secured a range of new tenants. As a result, the retail-cum-office complex achieved an average occupancy rate of 93% during the FY2023. At the 8½ retail mall, both retail sales and footfall recorded an upward trend since May 2022.

The United Daily News Centre in To Kwa Wan recorded an average occupancy rate of 97% during the FY2023. Approval to modify the land use from industrial to residential has been obtained and premium negotiation is ongoing. West Gate Tower, a revitalised 24-storey office building in Cheung Sha Wan, recorded an average committed occupancy rate of 73% during the FY2023 and reached over 90% in May 2023.

Wellgan Villa, a residential building in Kowloon Tong held for rental purposes, recorded an average occupancy rate of 86% during the FY2023.

Mainland China

During the FY2023, performance of HTH in Shanghai (in which the Group has a 50% interest) and HKR International Centre in Hangzhou steadily recovered from the pandemic.

In Shanghai, the city-wide lockdown in April and May 2022 resulted in across-the-board shop closures which significantly affected HTH's retail mall performance during this period. After the lockdown was lifted, the retail market has recovered noticeably amid the challenging market environment. Since January 2023, with the easing of pandemic control measures, HTH mall turnover has started to gain positive momentum, attributing to its enhanced tenant mix and a strong traffic rebound. During the FY2023, HTH retail mall recorded an average occupancy rate of 92%.

In 2022, despite the slowdown in demand for office space due to COVID-19's resurgence, office rents at HTH remained resilient. HKRI Centres One and Two continued to focus on retaining and attracting high-quality clients while maintaining positive rental reversions. During the FY2023, the two office towers recorded a combined average occupancy rate of 99%.

For HKR International Centre in Hangzhou, where the Group holds 156 office units and the usage right of 62 parking lots, the property achieved an average occupancy rate of 91% during the FY2023. Since its acquisition in January 2022, the project has provided stable recurring income for the Group.

Through continuous efforts to enhance the tenant mix, tenant retention, new tenant acquisitions, and increasing marketing initiatives, the Group speeds up the pace of recovery of its malls and offices in mainland China. The Group will continue to explore further high-quality property investment opportunities in the Yangtze River Delta and other regions with growth opportunities to generate stable income growth.

TRANSPORTATION SERVICES AND PROPERTY MANAGEMENT

Transportation Services

DB's transportation operations are managed by the Group's various operating subsidiaries in which the Group has a 50% interest. With the pandemic easing and the removal of social-distancing measures, demand for sea and land transportation services is recovering steadily. However, some existing operational challenges had intensified during the FY2023, such as driver shortage was aggravated by heightened demand arising from cross-border and tourist services expansion due to the border re-opening, high fuel costs and more stringent maintenance requirements.

Transportation emission controls remained a sustainability priority for DB. Three newly ordered Euro VI-compliant double-deck buses were delivered to Hong Kong and will be deployed to operate in the first half of 2023, thus improving carrying capacity. As part of the Group's environmental conservation efforts, plans are under way to procure new electric vehicles, including buses and hire cars. Other plans are in the pipeline to enhance transportation services by covering more locations and increasing on-demand flexibility.

For ferry services, refurbishment of DB Pier commenced in October 2022 and renovation of Central Pier No. 3 commenced in May 2023. Upon completion, the upgraded transportation facilities will enhance the customer experience and provide a much greater level of comfort for both residents and visitors.

Property Management

The Group's property management services in DB and elsewhere in Hong Kong continued to perform well in FY2023, as exemplified by their commitment to service excellence and sustainability.

The property management team strives to integrate sustainable practices into operations when managing DB's residential and public areas. DB is one of the first communities in Hong Kong to launch the Environmental Protection Department's Pilot Scheme on Food Waste Collection. It has also made use of the composting of food and yard waste and the recycling of waste for horticultural purposes. The Green DBers Programme was launched during the FY2023 to boost residents' awareness of DB's green community initiatives.

HOTEL OPERATIONS AND LEISURE BUSINESSES

After a challenging first half of the FY2023, international travel and local social and economic activities gradually resumed, which helped propel the performance of the Group's hospitality businesses, especially hotel operations. The clubhouses and leisure businesses are expected to benefit from the full return of local and international travellers as well as large scale events.

Hotel Operations

Hong Kong

Auberge Discovery Bay Hong Kong (in which the Group holds a 50% interest) has been riding on the previous success of its staycation initiative and introduced another themed summer staycation package in mid-2023. In the second half of the FY2023, alongside the removal of social distancing measures and the re-opening of borders, the hotel rolled out popular festival packages and campaigns, driving a sustained occupancy rebound. The hotel recorded an average occupancy rate of 70% during the FY2023.

The hotel will continue to reinforce its market leadership in themed staycations, strengthen its wedding and Meeting, Incentive, Convention & Exhibition business segments via external and internal expos, and create promotional synergies by collaborating with the Group's other business units, including DB Ice Rink ("DBIR") and Peony Chinese Restaurant, to drive business and brand awareness. To attract and retain inbound customers, extra effort will be focused on leveraging the Group's business partner networks and influencer marketing, coupled with investment in Customer Relationship Management ("CRM") technology.

Mainland China

The Group's hotel businesses were interrupted by the Shanghai-wide lockdown over the second quarter of 2022, and continued to be affected by stringent pandemic restrictions for the rest of the year. Since the beginning of 2023, market sentiment has begun to rapidly revive alongside with the easing of pandemic containment measures and travel restrictions. The Sukhothai Shanghai and The Middle House (the Group holds a 50% interest in both) are expected to benefit from this upward trend.

Thailand

Visitor arrivals in Thailand grew steadily after the gradual relaxation and later removal of travel restrictions in 2022. Nonetheless, visitor volume is only around half-way back to the pre-pandemic level. During the FY2023, after a relatively weak first half, the hotel's occupancy rate began recovering. The Sukhothai Bangkok is expected to benefit from the ongoing rebound of Thailand's tourism industry. Construction of new premise of The Sukhothai Spa is under way, with the new luxury spa complex scheduled to open in the third quarter of 2023.

Leisure Businesses

DB is becoming an increasingly popular leisure hub. With its various world-class venues and facilities, it is also poised to enhance Hong Kong's image as Asia's sports event capital. The various establishments under the leisure business segment delivered good performance.

Despite DBIR being closed from January to end of April 2022 due to the pandemic, the various festive and seasonal events held after the closedown period resulted in year-on-year growth for walk-in visitors, figure skaters and ice sports activities rentals. With its international standard rink and team of professional coaches, DBIR has established itself as an elite ice-skating academy, and has solidified its position as a popular training-cum-competition venue for professional figure skating, speed skating and ice hockey development.

Since June 2022, DBIR has introduced Hong Kong's first international standard short-track speed skating programme in collaboration with local Winter Olympian Sidney Chu. It has also been selected as one of the official training centres for the Hong Kong National Figure Skating Team, the only training base for the Hong Kong National Speed Skating Team, and the venue partner for the Hong Kong Cup 2022, hosted by the Hong Kong Skating Union.

DBIR will continue to reinforce its position as an international sports competition venue and an elite ice-skating academy. In 2023, it will host various regional and international competitions, including the Greater Bay Championships II and Skate Asia 2023, the world's largest recreational figure skating competition.

At Lantau Yacht Club ("LYC"), yachtcation package customers and visiting members generated additional revenue for LYC during the FY2023. The yachtcation package offers an exclusive yacht lifestyle experience in DB, including access to the LYC's gastronomic and hospitality offerings, as well as spa treatments at Auberge Discovery Bay Hong Kong. Characterised by its unique services and facilities, LYC was chosen to host various yacht brand and yacht owners' events. LYC will continue to build on its exceptional brand equity to strengthen its membership acquisition and partnership collaborations.

At Discovery Bay Golf Club ("DBGC"), the number of golf rounds expanded year-on-year during the FY2023. Plans are under way to further enhance its clubhouse in 2023.

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

OUTLOOK AND PROSPECTS

Though the pandemic is receding and borders are re-opened, which bode well for economic growth, there is cause for caution.

The COVID-19 pandemic inflicted structural damage on the global economy and across industries, which will not be remedied in the short term. Meanwhile, a full recovery to the pre-pandemic level is also intertwined with global and regional macro-economic and geopolitical vulnerabilities.

In addition, interest rate hikes are leading to higher financing costs, and several currencies are depreciating, including the yuan, baht, and yen, which increased the Group's net exchange losses during the course of our development and investment.

However, the Group remains cautiously optimistic on future economic growth. The Group boasts strong fundamentals and balance sheet, and 45 years of experience in responding to different market situations. Following the spirit of our 45th anniversary theme "Together We Fortify", the Company remains committed to our long-term business strategy to create a unique lifestyle that is both aspirational and sustainable.

With its approach to ensuring balanced businesses, the Group will navigate market volatility and achieve long-term growth. The Group will continue to leverage diversified channels to replenish land bank and develop high-quality homes, and reinforce our solid position in the hospitality sector, while maintaining a disciplined approach to development and risk management.

To pave the way for medium- to long-term development, the Group will stay vigilant to emerging challenges, while progressing with sustainable development across our business units, fuelling future growth when opportunities arise.

FINANCIAL REVIEW

SEGMENT RESULT ANALYSIS

Property Development

During the FY2023, the Group recognised a segment revenue of HK\$274.3 million (2022: HK\$2,963.2 million) and segment profit of HK\$213.2 million (2022: HK\$450.1 million) from property sales and other services rendered in Hong Kong and mainland China. The drastic decline in the Group's revenue and segment net profit were largely attributed to the slow-down in pace of property sales in Hong Kong and reschedule of sales launch of Starlight One, a project in Jiaxing, the PRC to March 2023 for capturing the reviving market sentiment leading to the deferment in profit recognition of sales from FY2023 to next financial year. Impact of the aforesaid factors affecting the property sales was mitigated by the Group's disposal of 49% interest in Wireless Road, a joint venture project in Thailand, generating a net disposal gain of HK\$368.0 million and a cash proceeds of HK\$705.2 million, providing with the Group financial resources for replenishing land reserves.

As of 31 March 2023, the Group has HK\$2,262.2 million contracted but unrecognised property sales.

Property Investment

The Group recorded segment revenue of HK\$585.3 million (2022: HK\$500.3 million) and segment profit of HK\$605.4 million (2022: HK\$920.7 million) for the FY2023. Decrease in segment profit was however attributable to: (i) decline in disposal profit contributions from Japan for two investment properties were disposed in the FY2023 as compared with three major investment properties disposed in the preceding year; and (ii) decrease in the Group's share of results of HTH due to the city-wide lockdown in Shanghai during the second quarter of 2022 which had caused occupancy drop in HTH's hotels and service apartment.

Transportation Services and Property Management

The segment recorded revenue of HK\$270.8 million (2022: HK\$224.1 million) and profit of HK\$53.9 million (2022: HK\$37.5 million) for the FY2023. Following the removal of social distancing measures, basic demand and usage for ferry and bus services in DB have been recovering steadily thereby improving the operating environment. On top of this the bus fare adjustment implemented in July 2022 boosted the segment revenue providing relief against high fuel costs and increasing staff costs.

Property management services continued to provide a stable contribution to both revenue and net profit of the Group for the year.

Hotel Operations

The segment recorded revenue of HK\$274.7 million (2022: HK\$218.4 million) and loss of HK\$4.4 million (2022: HK\$31.3 million) for the FY2023. With the gradual recovery of tourism in Thailand, The Sukhothai Bangkok's operating performance has embarked on a recovery trajectory since the third quarter of 2022 but is yet to revert to pre-pandemic level. With the re-opening of borders and removal of social distancing measures, Auberge Discovery Bay Hong Kong maintained satisfactory room occupancy and captured the revived demand for corporate events and wedding banquets, and attained better performance versus that of the preceding year.

Leisure Businesses

The segment including mainly Discovery Bay Recreation Club, Club Siena, DBGC, LYC, DBIR and Peony Chinese Restaurant. The segment recorded revenue of HK\$288.6 million (2022: HK\$261.9 million) and profit of HK\$2.7 million (2022: loss of HK\$5.7 million) for the FY2023. During the year, LYC experienced a growth in membership and marina facilities revenue despite the pandemic while DBGC recorded a higher level of incomes from usage of club facilities and food and beverage. Performance of other operating units have been improving with the easing of social distancing measures.

LIQUIDITY AND FINANCIAL RESOURCES

Net Debt and Capital Structure

As of 31 March 2023, the Group had total bank balances and cash of HK\$6,212.6 million (2022: HK\$2,717.7 million) and a net debt of HK\$5,366.5 million (2022: HK\$ 7,937.7 million) after deducting total bank borrowings and other loans of HK\$11,579.1 million (2022: HK\$10,655.4 million).

As of 31 March 2023, about 18% of the Group's bank balance and cash were denominated in Hong Kong dollars, 68% in Renminbi, 3% in US dollars, 8% in Japanese Yen and the remaining were mainly in Singapore dollars and Thai Baht.

As of 31 March 2023, the Group's debt portfolio comprised of primarily bilateral and syndicated bank loans to finance its general working capital and the development projects. The unlisted notes of HK\$300 million was issued under Medium Term Note programme in May 2021.

The maturity profile of bank borrowings and other loans were 19.8% (2022: 22.4%) falling within one year, 34.2% (2022: 30.4%) falling between one and two years, 43.4% (2022: 44.4%) falling between two and five years and 2.6% (2022: 2.8%) falling over 5 years.

As of 31 March 2023, all bank borrowing and other loans were on floating rate basis whereas the unlisted notes were at fixed coupon rate. About 92% of the Group's total bank borrowings and other loans were denominated in Hong Kong dollars and the remaining were in Renminbi.

Shareholders' Fund and Gearing

As of 31 March 2023, the shareholders' funds of the Group decreased by HK\$629.0 million to HK\$24,397.9 million (2022: HK\$25,026.9 million).

The Group's gearing ratio was 22.0% (2022: 31.7%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as of 31 March 2023. The consolidated net borrowings included bank balances and cash of HK\$1,206.6 million, being the over subscription monies received from property buyers which have been refunded in April 2023. If these amounts were excluded, the gearing ratio would be 26.9%.

Availability of Facilities

Total available loan facilities as of 31 March 2023 were HK\$17,523.8 million (2022: HK\$14,638.6 million), of which 88.6% were committed.

As of 31 March 2023, the unutilised credit facilities were approximately HK\$5,918.2 million (2022: HK\$3,956.2 million). The Group closely monitors its liquidity requirements and arranges financing for its development projects and operations as and when appropriate.

During the FY2023, the average financing cost was at 3.3% per annum as compared to 1.1% per annum in the preceding year.

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

TREASURY POLICY

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

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

MAJOR ACQUISITION, DISPOSALS AND PROJECTS

The disposal of two investment properties in Japan which was entered into agreement in February 2022 at consideration of HK\$223.4 million, was completed and the balance payment was received in April 2022.

In March, a piece of land lot in Jiaxing, the PRC was acquired through land auction, which a deposit of HK\$239.6 million was paid in March 2023.

The Group disposed of 49% interest in a parcel of land on Wireless Road in Bangkok, Thailand and a consideration of HK\$705.2 million was received in February 2023.

PLEDGE OF ASSETS

As of 31 March 2023, certain bank loans of the Group were secured by certain investment properties at a total carrying value of HK\$434.0 million (2022: nil).

As of 31 March 2023, the loans to a joint venture by the Group including interest payable amounting to approximately HK\$1,506.3 million (2022: HK\$854.5 million) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development in Tai Po.

FINANCIAL GUARANTEE CONTRACTS

The Group had financial guarantee contracts relating to a corporate guarantee on the Group's proportionate share to the extent of HK\$98.9 million (2022: HK\$107.1 million) as at 31 March 2023 given to a bank in respect of a banking facility granted to an investee company.

The Company provided a corporate guarantee in proportionate share to banks for securing a banking facility granted to a joint venture to finance the development in Tai Po. The bank loan balance in proportionate share of 40% is HK\$1,252.0 million (2022: HK\$1,616.1 million) as of 31 March 2023.

Save as disclosed above, the Group did not have other significant financial guarantee contract as of 31 March 2023.

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

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

CORPORATE GOVERNANCE

During the year under review, the Company has applied the principles and fully complied with the code provisions and certain recommended best practices of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules with more details as set out in the Corporate Governance Report contained in the Annual Report 2022/2023 of the Company which will be published shortly.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group for the year ended 31 March 2023 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, 21 June 2023

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

Executive Chairman

Mr CHA Mou Zing Victor

Non-executive Deputy Chairman

Ms WONG CHA May Lung Madeline

Executive Directors

Mr TANG Moon Wah (*Managing Director*)

Mr CHEUNG Ho Koon

Mr LEE Ivan Wank-hay

Ms NGAN Man Ying

Non-executive Directors

Mr CHA Mou Daid Johnson

Mr CHA Yiu Chung Benjamin

Independent Non-executive Directors

Mr CHEUNG Wing Lam Linus

Mr FAN Hung Ling Henry

Ms HO Pak Ching Loretta

Ms Barbara SHIU

Mr TANG Kwai Chang

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