

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# HKRI

**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 2022**

### **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 2022 (“FY2022”).

#### **RESULTS HIGHLIGHTS**

- The Group’s revenue and underlying net profit excluding net unrealised gains on fair value of investment properties for the FY2022 amounted to HK\$4,167.9 million and HK\$960.4 million, representing increases of 9.4% and 10.6% as compared to HK\$3,809.5 million (restated) and HK\$868.6 million for the preceding year respectively.
- The Group’s profit attributable to owners of the Company was HK\$1,097.3 million, increased by 22.3% as compared to the preceding year (2021: HK\$897.3 million).
- With the Group’s disposal of all the medical businesses, the segment results of healthcare of HK\$27.5 million was reclassified as discontinued operation and the Group’s profit attributable to owners of the Company from continuing operations was HK\$1,069.8 million, increased by 20.6% as compared to that for the preceding year.
- Basic earnings per share of the Group from both continuing and discontinued operations, and from continuing operations were HK73.9 cents (2021: HK60.4 cents) and HK72.0 cents (2021: HK59.7 cents). Both increased by 22.3% and 20.6% respectively.

## **DIVIDEND**

The Board has recommended the declaration of a final dividend of HK5 cents per share for the FY2022 (2021: HK5 cents) to the shareholders of the Company (the “Shareholders”) whose names appear on the registers of members of the Company on 2 September 2022. The proposed final dividend will be paid on 19 September 2022 following approval at 2022 annual general meeting of the Company to be held on 24 August 2022 (“2022 AGM”). The proposed final dividend together with the interim dividend of HK3 cents per share for the six months ended 30 September 2021 makes up a total dividend of HK8 cents per share for the FY2022 (2021: HK9 cents).

## **CLOSURE OF REGISTERS OF MEMBERS**

The main and branch registers of members of the Company will be closed from 19 to 24 August 2022 (both days inclusive) and from 31 August to 2 September 2022 (both days inclusive) for the 2022 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 2022 AGM, and entitled for the proposed final dividend for the FY2022, 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 18 August and 30 August 2022 respectively. The notice of the 2022 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 2022**

	<i>Notes</i>	<b>2022</b> <b>HK\$'M</b>	2021 HK\$'M (restated)
<b>Continuing operations</b>			
Revenue	3	<b>4,167.9</b>	3,809.5
Cost of sales		<b>(2,675.9)</b>	(2,043.1)
Gross profit		<b>1,492.0</b>	1,766.4
Other income		<b>229.1</b>	279.8
Other gains and losses	4	<b>(45.0)</b>	83.7
Selling, administrative and other operating expenses		<b>(667.3)</b>	(658.2)
Change in fair value and gain on disposal of investment properties			
Realised gains on disposals		<b>384.6</b>	3.5
Unrealised gains		<b>63.3</b>	20.0
Finance costs	5	<b>(123.3)</b>	(87.6)
Share of results of associates		<b>(0.2)</b>	(0.1)
Share of results of joint ventures		<b>343.4</b>	220.6
Profit before taxation	6	<b>1,676.6</b>	1,628.1
Taxation	7	<b>(483.9)</b>	(510.8)
Profit for the year from continuing operations		<b>1,192.7</b>	1,117.3
<b>Discontinued operation</b>			
Profit for the year from discontinued operation	9	<b>26.8</b>	11.3
Profit for the year		<b>1,219.5</b>	1,128.6
Profit for the year attributable to owners of the Company			
From continuing operations		<b>1,069.8</b>	887.4
From discontinued operation	9	<b>27.5</b>	9.9
Profit for the year attributable to owners of the Company	8	<b>1,097.3</b>	897.3

	<i>Note</i>	<b>2022</b> <b><i>HK\$'M</i></b>	2021 <i>HK\$'M</i> (restated)
Profit/(loss) for the year attributable to non-controlling interests			
From continuing operations		<b>122.9</b>	229.9
From discontinued operation		<b>(0.7)</b>	1.4
		<hr/>	<hr/>
Profit for the year attributable to non-controlling interests		<b><u>122.2</u></b>	<u>231.3</u>
Earnings per share from continuing operations	<i>11</i>		
Basic ( <i>HK cents</i> )		<b><u>72.0</u></b>	<u>59.7</u>
Diluted ( <i>HK cents</i> )		<b><u>72.0</u></b>	<u>59.7</u>
Earnings per share from discontinued operation	<i>11</i>		
Basic ( <i>HK cents</i> )		<b><u>1.9</u></b>	<u>0.7</u>
Diluted ( <i>HK cents</i> )		<b><u>1.9</u></b>	<u>0.7</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2022*

	<b>2022</b> <i>HK\$'M</i>	2021 <i>HK\$'M</i>
Profit for the year	<u>1,219.5</u>	<u>1,128.6</u>
Other comprehensive income/(expense):		
<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	(8.0)	(3.5)
Deferred tax arising from fair value changes	<u>–</u>	<u>(0.7)</u>
	<u>(8.0)</u>	<u>(4.2)</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	310.0	563.7
Exchange differences arising from translation of other foreign operations	44.4	411.6
Release of exchange reserve upon deregistration of foreign subsidiaries	<u>(0.3)</u>	<u>(77.8)</u>
	<u>354.1</u>	<u>897.5</u>
Other comprehensive income for the year, net of tax	<u>346.1</u>	<u>893.3</u>
Total comprehensive income for the year	<u>1,565.6</u>	<u>2,021.9</u>
Total comprehensive income attributable to:		
Owners of the Company	1,443.4	1,790.6
Non-controlling interests	<u>122.2</u>	<u>231.3</u>
	<u>1,565.6</u>	<u>2,021.9</u>
Total comprehensive income attributable to owners of the Company arises from:		
Continuing operations	1,417.9	1,777.0
Discontinued operation	<u>25.5</u>	<u>13.6</u>
	<u>1,443.4</u>	<u>1,790.6</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2022**

	<i>Notes</i>	<b>2022</b> <b>HK\$'M</b>	2021 <i>HK\$'M</i>
<b>Non-current assets</b>			
Investment properties		<b>14,303.1</b>	15,075.2
Property, plant and equipment		<b>2,741.8</b>	2,768.0
Right-of-use assets		<b>85.5</b>	103.0
Interests in associates		–	–
Interests in joint ventures		<b>10,222.2</b>	9,643.0
Properties held for development for sale		<b>4,592.0</b>	932.4
Equity instruments measured at fair value through other comprehensive income		<b>44.2</b>	52.6
Financial assets at fair value through profit or loss		<b>528.0</b>	527.3
Investments in debt instruments measured at amortised cost		<b>73.0</b>	85.1
Other assets		<b>702.0</b>	335.7
Deferred tax assets		<b>57.6</b>	113.9
		<b>33,349.4</b>	29,636.2
<b>Current assets</b>			
Inventories		<b>32.5</b>	44.3
Properties held for sale		<b>877.8</b>	2,205.1
Properties under development for sale		<b>4,596.8</b>	2,131.6
Trade receivables	12	<b>63.9</b>	79.5
Deposits, prepayments and other receivables		<b>1,252.4</b>	733.9
Amounts due from associates		<b>4.1</b>	4.1
Amounts due from joint ventures		<b>205.3</b>	193.3
Investments in debt instruments measured at amortised cost		<b>34.3</b>	26.8
Taxation recoverable		<b>85.8</b>	29.3
Bank balances and cash		<b>2,717.7</b>	3,060.9
		<b>9,870.6</b>	8,508.8
Assets classified as held for sale		<b>187.5</b>	–
		<b>10,058.1</b>	8,508.8
<b>Current liabilities</b>			
Trade payables, provision and accrued charges	13	<b>1,081.3</b>	1,032.2
Deposits received and other financial liabilities		<b>159.9</b>	151.7
Contract liabilities		<b>138.8</b>	300.2
Bank and other loans due within one year		<b>2,390.8</b>	776.8
Lease liabilities		<b>7.1</b>	18.9
Other liabilities due within one year		–	295.0
Taxation payable		<b>320.7</b>	463.3
		<b>4,098.6</b>	3,038.1
Net current assets		<b>5,959.5</b>	5,470.7
Total assets less current liabilities		<b>39,308.9</b>	35,106.9

	<i>Note</i>	<b>2022</b> <b><i>HK\$'M</i></b>	2021 <i>HK\$'M</i>
Non-current liabilities			
Contract liabilities		<b>63.8</b>	30.3
Bank and other loans due after one year		<b>8,264.6</b>	6,908.0
Lease liabilities		<b>52.6</b>	57.9
Other liabilities due after one year		<b>2,479.1</b>	1,037.0
Deferred tax liabilities		<b>502.5</b>	469.0
		<u><b>11,362.6</b></u>	<u>8,502.2</u>
		<u><b>27,946.3</b></u>	<u>26,604.7</u>
Capital and reserves			
Share capital	<i>14</i>	<b>371.3</b>	371.3
Reserves		<b>24,655.6</b>	23,312.6
		<u><b>25,026.9</b></u>	<u>23,683.9</u>
Equity attributable to owners of the Company		<b>2,919.4</b>	2,920.8
Non-controlling interests		<u><b>27,946.3</b></u>	<u>26,604.7</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 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 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 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

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

The Interest Rate Benchmark Reform amendments to HKFRSs were issued by HKICPA in two phases. The Phase 1 amendments deal with pre-replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The Phase 1 amendments provide temporary exceptions to specific hedge accounting requirements, to avoid entities having to discontinue hedging relationships solely due to the uncertainty arising from the reform of interest rate benchmarks. These amendments apply to annual reporting periods beginning on or after 1 April 2020, and were addressed in Amendments to HKFRS 7, HKFRS 9 and HKAS 39 “Interest Rate Benchmark Reform”, which the Group adopted during the year ended 31 March 2021.

The Phase 2 amendments address issues that might affect financial reporting during the reform of interest rate benchmarks, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The Phase 2 amendments are effective for annual periods beginning on or after 1 April 2021 and are to be applied retrospectively. Restatement of prior periods is not required.

The Interest Rate Benchmark Reform – Phase 2 amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform of interest rate benchmarks, to be treated as changes to a floating rate, equivalent to a movement in a market rate of interest.
- Permit changes required by reform of interest rate benchmarks to be made to hedge designation and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an alternative nearly risk-free interest rate instrument is designated as a hedge of a risk component.

There is no transition to alternative benchmark rates entered by the Group. The Group has certain bank and other loans that are interest-bearing at the Hong Kong Interbank Offered Rate.

#### **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 3	Reference to the Conceptual Framework
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 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 HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
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 amended its basis for segment reporting to align it with the operating division that is used internally by the chief operating decision maker for reviewing segment performance. A new “leisure businesses” segment is created to include all services provided by Discovery Bay Recreation Club, Club Siena, Discovery Bay Golf Club, Lantau Yacht Club (those were previously included as “services provided”) and DB Ice Rink (that was previously included as “property investment”) and the previous “services provided” segment is renamed as “transportation services and property management”. The comparative figures for the year ended 31 March 2021 have been restated on the new operating segment classification to enhance year-to-year comparison.

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 below does not include the financial information of “Healthcare” operating segment as it has become a discontinued operation described in Note 9. Accordingly, the comparative figures of the segment information for the year ended 31 March 2021 are re-presented.

#### Disaggregation of revenue

##### Continuing operations

	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>
<b>Types of goods or services:</b>						
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	<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>
<b>Geographical markets:</b>						
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	<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>
<b>Timing of revenue recognition:</b>						
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	<u>2,959.2</u>	<u>31.3</u>	<u>223.3</u>	<u>218.4</u>	<u>261.7</u>	<u>3,693.9</u>

For the year ended 31 March 2021

	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>
<b>Types of goods or services:</b>						
Sales of properties	2,766.1	–	–	–	–	2,766.1
Hotel revenue	–	–	–	124.4	–	124.4
Other services rendered	13.3	29.4	206.6	–	190.9	440.2
Revenue from contracts with customers	2,779.4	29.4	206.6	124.4	190.9	3,330.7
Rental income	5.5	473.3	–	–	–	478.8
Consolidated revenue, as reported	<u>2,784.9</u>	<u>502.7</u>	<u>206.6</u>	<u>124.4</u>	<u>190.9</u>	<u>3,809.5</u>
<b>Geographical markets:</b>						
Hong Kong	1,558.7	446.0	206.6	104.1	190.9	2,506.3
Mainland China	1,183.2	–	–	–	–	1,183.2
Japan	–	56.7	–	–	–	56.7
South East Asia	43.0	–	–	20.3	–	63.3
Total	<u>2,784.9</u>	<u>502.7</u>	<u>206.6</u>	<u>124.4</u>	<u>190.9</u>	<u>3,809.5</u>
<b>Timing of revenue recognition:</b>						
A point in time	2,766.1	–	191.0	58.8	103.4	3,119.3
Over time	13.3	29.4	15.6	65.6	87.5	211.4
Total	<u>2,779.4</u>	<u>29.4</u>	<u>206.6</u>	<u>124.4</u>	<u>190.9</u>	<u>3,330.7</u>

## 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>
<b>For the year ended 31 March 2022</b>						
<b>Revenue</b>						
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	(167.7)	(1,954.8)	–	–	–	(2,122.5)
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>
<b>Results</b>						
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	(8.2)	(274.6)	–	–	–	(282.8)
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 differences						(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>

	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 2021						
<b>Revenue</b>						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	3,015.6	2,170.8	206.6	124.4	190.9	5,708.3
Excluding revenue of an associate and joint ventures	<u>(230.7)</u>	<u>(1,668.1)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,898.8)</u>
Consolidated revenue, as reported	<u>2,784.9</u>	<u>502.7</u>	<u>206.6</u>	<u>124.4</u>	<u>190.9</u>	<u>3,809.5</u>
<b>Results</b>						
Segment results – total realised results of the Group, associates and joint ventures ( <i>note a</i> )	729.8	765.9	62.3	(82.4)	10.6	1,486.2
Excluding realised results of associates and joint ventures not shared by the Group	<u>6.0</u>	<u>(226.7)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(220.7)</u>
Results attributable to the Group	<u>735.8</u>	<u>539.2</u>	<u>62.3</u>	<u>(82.4)</u>	<u>10.6</u>	1,265.5
Unallocated other income						91.5
Unallocated corporate expenses						(184.6)
Finance costs and corporate level exchange differences						(70.4)
Net unrealised gains on fair value change of investment properties ( <i>note b</i> )						20.7
Net unrealised losses on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						<u>(5.4)</u>
Profit for the year						1,117.3
Non-controlling shareholders' share of profit for the year						<u>(229.9)</u>
Profit for the year attributable to owners of the Company						<u>887.4</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 gains on fair value change of investment properties for the year ended 31 March 2022 of HK\$63.0 million (2021: HK\$20.7 million) represented the unrealised gains on fair value change of investment properties of HK\$63.3 million (2021: HK\$20.0 million) net of deferred tax charge arising from change in fair value of HK\$0.3 million (2021: deferred tax credit of HK\$0.7 million).

Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of unallocated other income/(expenses), unallocated corporate expenses, finance costs and corporate level exchange differences, net unrealised gains on fair value change of investment properties and net unrealised gains/(losses) 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 HK\$'M	Property investment HK\$'M	Transportation services and property management HK\$'M	Hotel operations HK\$'M	Leisure businesses HK\$'M	Unallocated amounts HK\$'M	Total HK\$'M
<b>For the year ended 31 March 2022</b>							
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 fair value through profit or loss ("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)

	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 2021							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales*	–	(1.9)	(6.5)	(0.3)	(2.9)	–	(11.6)
Depreciation of property, plant and equipment	23.4	18.2	14.0	71.6	37.6	8.3	173.1
Depreciation of right-of-use assets	3.9	–	0.8	–	0.5	3.4	8.6
Impairment loss reversed on loans to joint ventures	–	(0.3)	–	–	–	–	(0.3)
Impairment loss on investments in debt instruments measured at amortised cost	–	–	–	–	–	0.2	0.2
Net loss on financial assets at FVTPL	–	–	–	–	–	2.9	2.9
Net (gain)/loss on disposal of property, plant and equipment	(0.3)	2.3	–	–	0.6	–	2.6
Interest income	(33.4)	–	–	(0.2)	–	(16.3)	(49.9)
Finance costs	1.8	3.2	1.4	–	0.6	80.6	87.6
Income tax charge/(credit)	479.5	11.6	(2.7)	(0.7)	2.6	20.5	510.8
Share of results of associates	0.1	–	–	–	–	–	0.1
Share of results of joint ventures	0.7	(226.7)	–	–	–	5.4	(220.6)

\* 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:

	<b>2022</b> <b><i>HK\$'M</i></b>	2021 <i>HK\$'M</i>
<b>Continuing operations</b>		
Sales of properties	<b>2,937.9</b>	2,766.1
Rental income	<b>474.0</b>	478.8
Hotel revenue	<b>218.4</b>	124.4
Other services rendered	<b>537.6</b>	440.2
	<b>4,167.9</b>	3,809.5

### ***Geographical information***

For each of the years ended 31 March 2022 and 31 March 2021, 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:

	<b>Revenue from external customers</b>		<b>Non-current assets</b> <i>(note a)</i>	
	<b>2022</b> <i>HK\$'M</i>	<b>2021</b> <i>HK\$'M</i>	<b>2022</b> <i>HK\$'M</i>	<b>2021</b> <i>HK\$'M</i>
<b>Continuing operations</b>				
Hong Kong	<b>2,249.2</b>	2,506.3	<b>19,410.0</b>	15,904.0
Mainland China	<b>1,840.3</b>	1,183.2	<b>4,643.8</b>	3,511.8
Japan	<b>36.3</b>	56.7	<b>50.3</b>	1,125.1
South East Asia <i>(note b)</i>	<b>42.1</b>	63.3	<b>1,744.0</b>	1,789.9
	<b><u>4,167.9</u></b>	<u>3,809.5</u>	<b><u>25,848.1</u></b>	<u>22,330.8</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

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
<b>Continuing operations</b>		
Other (losses)/gains include the following:		
Net loss on disposal of subsidiaries	(6.0)	–
Net gain on deregistration of subsidiaries	0.3	77.2
Net foreign exchange (loss)/gain	(39.2)	11.9
Net gain/(loss) on disposal of property, plant and equipment	0.9	(2.6)
Impairment loss on other assets	(0.2)	–
Impairment loss on property, plant and equipment	(7.1)	–
Net gain/(loss) on financial assets at FVTPL	1.1	(2.9)
Net gain on mortgage instalment receivables	14.5	–
	<u>(35.7)</u>	<u>83.6</u>
Impairment losses under expected credit loss model, net of reversal, include the following:		
Impairment loss (recognised)/reversed on loans to joint ventures	(0.7)	0.3
Impairment loss on investments in debt instruments measured at amortised cost	(8.6)	(0.2)
	<u>(45.0)</u>	<u>83.7</u>

#### 5 FINANCE COSTS

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
<b>Continuing operations</b>		
Interests on		
Bank and other loans	120.7	95.3
Advances from non-controlling shareholders	35.1	19.8
Lease liabilities	2.1	2.3
Bank and other loans arrangement fees	21.0	23.8
	<u>178.9</u>	<u>141.2</u>
Less: Amounts included in the qualifying assets ( <i>note</i> )	(55.6)	(53.6)
	<u>123.3</u>	<u>87.6</u>

*Note:* To the extent funds are borrowed generally and used for the purpose of financing certain properties held for/under development for sale, assets under construction and investment properties under construction, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 1.48% (2021: 1.65%) per annum.

## 6 PROFIT BEFORE TAXATION

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
<b>Continuing operations</b>		
Profit before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration		
Audit services	7.9	7.6
Non-audit services	2.8	2.0
Cost of properties sold	2,004.8	1,467.4
Salaries, wages, bonus and other benefits	543.7	535.7
Retirement benefits schemes contribution	22.4	19.8
	<hr/>	<hr/>
Staff costs incurred (including directors' remuneration)	566.1	555.5
Gross rental income under operating leases on:		
Investment properties	(460.5)	(466.5)
Other properties	(13.5)	(12.3)
Less: Outgoings	48.1	45.0
	<hr/>	<hr/>
	(425.9)	(433.8)
Depreciation of property, plant and equipment	195.5	173.1
Depreciation of right-of-use assets	8.8	8.6
	<hr/>	<hr/>

## 7 TAXATION

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
<b>Continuing operations</b>		
Hong Kong Profits Tax calculated at 16.5% (2021: 16.5%) of the estimated assessable profit for the year	85.0	135.4
Overseas tax calculated at rates prevailing in respective jurisdictions	143.7	224.2
Land appreciation tax ("LAT")	172.0	242.7
	<hr/>	<hr/>
	400.7	602.3
Deferred taxation for the year	83.2	(91.5)
	<hr/>	<hr/>
	483.9	510.8
	<hr/>	<hr/>

Under the Law of the People's Republic of China ("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:

	<b>2022</b> <i>HK\$'M</i>	2021 <i>HK\$'M</i>
(a) Net unrealised gains/(losses) on change in fair value of investment properties during the year		
– The Group	<b>63.3</b>	20.0
Deferred tax (charge)/credit	<b>(0.3)</b>	0.7
Attributable to non-controlling interests	<b>16.9</b>	13.4
	<b>79.9</b>	34.1
– Joint venture, net of deferred tax	<b>57.0</b>	(5.4)
	<b>136.9</b>	28.7
(b) Profits excluding net unrealised gains on fair value of investment properties		
From continuing operations	<b>932.9</b>	858.7
From discontinued operation	<b>27.5</b>	9.9
	<b>960.4</b>	868.6
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	<b>187.3</b>	74.2
	<b>1,147.7</b>	942.8
Sub-total	<b>1,284.6</b>	971.5
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	<b>(187.3)</b>	(74.2)
Profit for the year attributable to owners of the Company	<b>1,097.3</b>	897.3

## 9 DISCONTINUED OPERATION

The Group had operated a comprehensive healthcare service network in Hong Kong and Macau. The operation was disposed during the year ended 31 March 2022. The consolidated profit for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss have been re-presented to show Healthcare operating segment as discontinued operation.

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
Revenue	146.3	132.8
Cost of sales	<u>(128.3)</u>	<u>(115.9)</u>
Gross profit	18.0	16.9
Other income	0.2	16.4
Other gains and losses	42.2	(0.4)
Selling, administrative and other operating expenses	(33.0)	(19.6)
Finance costs	<u>(0.5)</u>	<u>(0.7)</u>
Profit before taxation	26.9	12.6
Taxation	<u>(0.1)</u>	<u>(1.3)</u>
Profit for the year	<u>26.8</u>	<u>11.3</u>
Profit/(loss) for the year attributable to:		
Owners of the Company	27.5	9.9
Non-controlling interests	<u>(0.7)</u>	<u>1.4</u>
	<u>26.8</u>	<u>11.3</u>

## 10 DIVIDENDS

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2021 of HK5 cents (2021: final dividend paid for the financial year ended 31 March 2020 of HK7 cents) per share	74.3	104.0
Interim dividend paid for the financial year ended 31 March 2022 of HK3 cents (2021: interim dividend paid for the financial year ended 31 March 2021 of HK4 cents) per share	<u>44.5</u>	<u>59.4</u>
	<u>118.8</u>	<u>163.4</u>

The directors of the Company proposed a final dividend for the financial year ended 31 March 2022 of HK5 cents (2021: for the financial year ended 31 March 2021 of HK5 cents) per share totalling approximately HK\$74.3 million (2021: HK\$74.3 million).

## 11 EARNINGS PER SHARE

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

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic and diluted earnings per share arising from:		
Continuing operations	1,069.8	887.4
Discontinued operation	27.5	9.9
	<u>1,097.3</u>	<u>897.3</u>
	2022	2021
<b>Number of shares</b>		
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	—	—
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 2022 and 2021, diluted earnings per share was the same as the basic earnings per share since the share options had anti-dilutive effect.

## 12 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 healthcare, 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:

	2022 <i>HK\$'M</i>	2021 <i>HK\$'M</i>
Not yet due	36.4	42.7
Overdue:		
0 – 60 days	18.9	29.4
61 – 90 days	4.4	2.2
Over 90 days	4.2	5.2
	<u>63.9</u>	<u>79.5</u>

### 13 TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$76.2 million (2021: HK\$117.1 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	<b>2022</b> <i>HK\$'M</i>	2021 <i>HK\$'M</i>
Not yet due	<b>41.8</b>	71.3
Overdue:		
0 – 60 days	<b>28.1</b>	42.3
61 – 90 days	<b>2.7</b>	0.3
Over 90 days	<b>3.6</b>	3.2
	<hr/> <b>76.2</b> <hr/>	<hr/> 117.1 <hr/>

### 14 SHARE CAPITAL

	<b>Number of shares</b>	<i>HK\$'M</i>
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<hr/> <b>4,000,000,000</b> <hr/>	<hr/> <b>1,000.0</b> <hr/>
Issued and fully paid:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<hr/> <b>1,485,301,803</b> <hr/>	<hr/> <b>371.3</b> <hr/>

## **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 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 2022, total land bank (including that held directly by joint ventures) attributable to the Group amounted to 9,450,000 square feet, which is earmarked for property development upon fulfilment of the related terms and conditions. During the FY2022, the Group acquired 1,044,000 square feet of developable gross floor area.

### **PROPERTY DEVELOPMENT AND INVESTMENT**

The revenue from property development and investment for the FY2022, including the proportionate share of joint ventures and associates of HK\$1,061 million (2021: HK\$949 million), was HK\$4,525 million, up from HK\$4,237 million in preceding year.

The contribution from property development and investment, including the proportionate share of joint ventures and associates of HK\$286 million (2021: HK\$226 million), was HK\$1,371 million (2021: HK\$1,275 million).

#### **Hong Kong – Property Development**

Hong Kong was buffeted by volatility caused by the COVID-19 pandemic over the FY2022. After the economy recovered through 2021, the resurgence of COVID-19, including the emergence of virus variants in the first quarter of 2022, and related government policies, dampened the economy and interrupted property sales activities. With confirmed cases having largely declined from April 2022, stringent social distancing measures have been gradually relaxed, and subsequently the local property market is expected to recover at a faster pace.

At Discovery Bay (in which the Group holds a 50% interest), the Group's two completed residential projects, Poggibonsi and IL PICCO, achieved satisfactory sales results during FY2022. With the Discovery Bay Master Plan 7.0E's basic terms agreed and land premium settled, the Group is working on the planning and development of a plot of land in DB North, which would increase Discovery Bay's residential gross floor area by more than 1.3 million square feet to provide an additional 1,400 units. The plot is located in close proximity to areas of greenery, and adjacent to the Discovery Bay Tunnel, providing convenient transportation options. The project will be developed in phases, with foundation work for the first phase having commenced in February 2022.

Following the Town Planning Board's acceptance of the proposed change of land use, Discovery Bay Area 6f is being processed to be developed as residential properties to provide around 500 units. Additionally, improvement works for Discovery Bay are in the pipeline, the resulting enhancements represent the Group's commitment to the community and shall turn a new page for Discovery Bay.

As of 31 March 2022, all remaining units at La Cresta (a 50:50 partnership with Nan Fung Development Limited), a project located in the high-end Kau To residential district, had sold out. Meanwhile, VILLA LUCCA, the low-density luxury residential project located on Lo Fai Road, Tai Po (a 40:60 joint-venture with Hysan Development Company Limited), is set to provide 262 units of high-quality houses and apartments. It boasts magnificent views of Tolo Harbour on one side and greenery on the other, and because of its location, the project is expected to benefit from the Northern Metropolis plan. The sales is expected to be launched in the third quarter of 2022.

A residential redevelopment project located on Hollywood Road and Upper Lascar Row in Central was acquired in April 2021. The existing buildings were demolished in March 2022, and foundation work started in April.

The status of the Group's residential projects in Hong Kong as of 31 March 2022 is summarised below:

Poggibonsi, Discovery Bay (50% owned)	Total units: <b>196</b> Units sold: <b>188 (44 sold during FY2022)</b> Sale proceeds generated during FY2022: <b>HK\$707 million</b> Revenue of <b>58 sold units</b> recognised in FY2022
IL PICCO, Discovery Bay (50% owned)	Total units: <b>21 garden houses</b> Units sold: <b>5 (3 sold during FY2022)</b> Sale proceeds generated during the FY2022: <b>HK\$181 million</b> Revenue of <b>5 sold units</b> recognised in FY2022
La Cresta, Sha Tin (50% owned)	Total units: <b>61</b> Units sold: <b>All sold out (2 sold during FY2022)</b> Sale proceeds generated during FY2022: <b>HK\$82 million</b> Revenue of <b>3 sold units</b> was recognised in FY2022
VILLA LUCCA, Tai Po (40% owned)	Total units: <b>262</b> GFA: <b>497,000 sq. ft.</b> Expected launch: <b>Third quarter 2022</b> Status: Occupation permit was obtained in May 2022

### **Hong Kong – Property Investment**

The property investment projects in Discovery Bay, in which the Group holds a 50% interest, recorded stable performance over the FY2022. Despite the lingering impact of COVID-19, more new tenants moved into the new DB Plaza extension, and DB Plaza and DB North achieved committed occupancy rates of 89% and 93% respectively, as of 31 March 2022.

The Group retained its anchor tenants at the CDW Building in Tsuen Wan, and achieved an occupancy rate of 92%, as of 31 March 2022. Meanwhile, the 8½ shopping mall saw sales and footfall declined because of the fifth COVID-19 wave's outbreak in the first quarter of 2022 and the implementation of stricter social distancing measures.

The United Daily News Centre in To Kwa Wan, which the Group acquired in January 2021, achieved 100% occupancy, as of 31 March 2022. In November 2021, a planning permit was secured changing the land-use from industrial to residential. Related lease modifications are in the pipeline.

West Gate Tower, a 24-storey office building in Cheung Sha Wan that was revitalised in 2021, was well received by the market despite the challenging backdrop. It achieved a committed occupancy rate of 57% as of 31 March 2022. Meanwhile, the Wellgan Villa residential building in Kowloon Tong recorded an occupancy rate of 77% as of 31 March 2022.

### **Mainland China – Property Development**

Tightened financial and development policies in the first half of the FY2022 calmed the market and prompted developers to focus on project quality. Since late 2021, policies have been gradually relaxed for developers and home buyers, including the easing of credit conditions for developers, lower requirements for first-time home buyers and lower mortgage rates. These measures supported the steady rebound of sales activities and transaction volumes, especially in cities such as Shanghai, Hangzhou and Jiaxing, where purchasing power and demand are firm.

In Jiaxing, Creekside One debuted in July 2021, with all 98 units sold out on the launch day. The handover and ownership transfer for the sold units were completed in late October 2021. Mansion One was launched in October 2021. Ninety-nine percent of the project's 188 units have been sold as of 31 March 2022, with the handover and transfer of ownership for the sold units taking place in January 2022. Meanwhile, pre-launch promotion activities for Starlight One, a deluxe residential project of 392 high-rise apartments and villas, began in February 2022.

In Hangzhou, development of the premium low-density 295-unit In One project is underway with completion anticipated in 2023 and pre-sales activities scheduled in the third quarter of 2022.

In Shanghai, the Group acquired a residential plot in Songjiang District in November 2021. The site will be developed into low-density residences providing a range of apartments and villas. The project is expected to attract the district's technology industry enterprises and talents because of its prime location and excellent connections to multiple highways and the future Shanghai Metro Line extension. Planning is in progress and construction is expected to commence in early 2023.

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

Projects	GFA (sq. ft.)	Status as of 31 March 2022
<i>Jiaxing, Zhejiang</i>		
Mansion One	342,000	188 mid-rise apartments, 99% of units sold. Handover: January 2022
Creekside One	210,000	98 mid-rise apartments and villas. All sold out. Handover: October 2021
Starlight One	768,000	392 high-rise apartments and villas. Construction work in progress. Pre-launch promotion: February 2022 Expected completion: 2023
<i>Hangzhou, Zhejiang</i>		
In One	430,000	245 low-rise apartments and 50 villas. Foundation work in progress. Expected pre-sales: Third quarter 2022 Expected completion: 2023
<i>Shanghai</i>		
Land plot SJS30003-02-04 in Songjiang District	350,000	252 apartments and 57 villas with a plot ratio of 1:1. Planning in progress. Expected works commencement: Early 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 area.

### **Mainland China – Property Investment**

In Shanghai, HTH (in which the Group has a 50% interest) recorded encouraging performance. As of 31 March 2022, the two office towers, HKRI Centres One and Two, achieved a combined occupancy rate of 100%, and the retail mall's occupancy rate reached 94%. Despite the volatile pandemic situation, effective pandemic containment measures and government stimulus supported strong consumption. During the FY2022, both HTH retail mall turnover and footfall achieved year-on-year growth. The Group continues to improve the overall tenant quality and mix in order to achieve better returns. Since the end of the first quarter of 2022, the pandemic situation in Shanghai has deteriorated, resulting in a city-wide lockdown. COVID-19 response plans were formulated and task forces were formed to prepare for different scenarios and the resumption of business.

In September 2021, the Group completed the acquisition of 156 office units and the right of use of 62 parking lots at the Jinsha INCITY commercial property in Hangzhou, which has direct access to the metro line. The acquisition further expanded the Group's asset portfolio and broadened its recurring income base. The property achieved an occupancy rate of over 92% as of 31 March 2022.

The Group will continue to explore high-quality properties in mainland China to generate stable income growth.

## **Thailand – Property Development**

In 2021, subsequent to a COVID-19 lockdown, the Thai government gradually reopened the country's borders and relaxed foreign visitor entry requirements, which included the launch of the country's Test and Go scheme in November 2021. Although the scheme was halted because of the emergence of the Omicron variants in the first quarter of 2022, it was restarted in February 2022 and restrictions were further relaxed in May 2022, attracting an increasing number of visitor arrivals. While Thailand's property market is still subject to the pandemic's trajectory, the Group will monitor the situation to assess appropriate development and investment opportunities.

## **Japan – Property Investment and Development**

The Group's five investment properties in Tokyo recorded occupancy rates ranging from 74% to 100% during the FY2022, prior to their disposal.

In October 2021, the Group disposed of three investment properties—Horizon Place Akasaka, Graphio Nishi-Shinjuku and Haluwa Shiba Koen—at a consideration of JPY19,311.8 million (approximately HK\$1,351.8 million). In February 2022, the Group disposed of its two other investment properties, Souei Park Harajuku and Veneo Minami Azabu, at a consideration of JPY3,490.8 million (approximately HK\$237.4 million). The disposals, which were completed on 15 November 2021 and 15 April 2022 respectively, provided a good opportunity for the Group to realise its investment in the properties with an attractive return, increase its working capital and enhance its cashflow.

## **TRANSPORTATION SERVICES AND PROPERTY MANAGEMENT**

### **Transportation Services**

The sea and land transport and tunnel services in Discovery Bay are operated by the Group's various subsidiaries, in which the Group holds a 50% interest. The operations of all transportation services at Discovery Bay largely recovered to normal levels in the latter part of 2021, when the pandemic had stabilised. Nonetheless, the emergence of the pandemic's fifth wave in the first quarter of 2022, leading to a substantial number of COVID-19 cases and a higher number of close contacts being required to isolate, resulted in immense manpower pressures and adversely impacted ferry and bus ridership, as well as tunnel throughput. Subsequently, temporary service adjustments were implemented, and additional precautionary measures were taken to protect customers and staff.

Other operational challenges that occurred over the FY2022 included fuel price inflation, rising maintenance costs and skilled operations staff shortages. The resulting increased financial burden was partly alleviated by the government's sixth Anti-epidemic Fund and the ongoing Special Helping Measures for ferry operations.

Environmental sustainability remains a key pillar of the business' operations. Since January 2022, four new single-decked buses that comply with the highest Euro VI emissions standards have been added to the operating fleet to replace obsolete vehicles. Other measures in the pipeline include the ordering of more Euro VI-compliant double-decker buses to further improve carrying capacity during peak hours, and the upgrading of ferry vessel engines.

## **Property Management**

Despite the pandemic's resurgence in the first quarter of 2022, the Group's property management services in Discovery Bay and elsewhere in Hong Kong performed satisfactorily during the FY2022. To safeguard residents' safety, a number of precautionary measures were implemented at high-risk venues and facilities.

The property management team at Discovery Bay is committed to building a greener environment. Since December 2021, Discovery Bay has participated in the Environmental Protection Department's Pilot Scheme on Food Waste Collection. Source-separated food waste is collected and transformed into energy, and compost as a by-product, at O.Park1. In addition, a multi-dimensional engagement network has been established for connecting families in Discovery Bay, particularly those with kids, by providing residents with greenhouse farmlands for planting.

The team achieved a 90% satisfaction rate in the customer survey, and received a number of sustainability accolades during the FY2022, recognising the Group's effort in this area.

## **HOTEL OPERATIONS AND LEISURE BUSINESSES**

The Group's hotel operations and leisure businesses in Hong Kong are represented by Auberge Hospitality, a leisure brand that encompasses a collection of an hotel, clubs and leisure venues, comprising Auberge Discovery Bay Hong Kong, Discovery Bay Golf Club, Lantau Yacht Club ("LYC"), Discovery Bay Recreation Club, Club Siena, DB Ice Rink ("DBIR") and Peony Chinese Restaurant. Adhering to its brand proposition of "Redefining Your Lifestyle at Discovery Bay", Auberge Hospitality creates marketing synergies for the promotion of its premium hospitality services and comprehensive leisure facilities.

### **Hotel Operations**

#### ***Hong Kong***

The prolonged travel restrictions across the globe and stringent local social distancing measures adversely affected international and domestic travel demand, and the Group's hospitality businesses have been hard hit. Nevertheless, due to the continued popularity of staycations and the government's Consumption Voucher Scheme, Auberge Discovery Bay Hong Kong, in which the Group holds a 50% interest, recorded an average occupancy rate that outperformed the market during the FY2022. In 2022, on a high vaccination rate in Hong Kong and the rollout of new COVID-19 therapeutics, it is likely that the travel industry, globally and locally, will recover gradually.

#### ***Mainland China***

The successful containment of the pandemic in mainland China supported strong demand from local businesses and domestic travellers, though this was partially offset by the pandemic's resurgence in the first quarter of 2022. Average occupancy rates at The Sukhothai Shanghai and The Middle House (the Group holds a 50% interest in both) continued to recover during the FY2022.

## ***Thailand***

Thailand's economy and tourism industry have over the past two years been hard hit by the COVID-19 pandemic. Through flexibly adapting to the pandemic situation, such as by rolling out the Test and Go quarantine packages, as well as delivering exceptional services, operating loss of The Sukhothai Bangkok had been reduced during the FY2022. With travel restrictions gradually being relaxed in Thailand, increasing visitor arrivals are expected to benefit the hospitality industry.

The Group's hotel operations across Hong Kong, mainland China and Thailand strove to provide exceptional service during the pandemic and these efforts have been widely recognised by the market and consumers.

## **Leisure Businesses**

The FY2022 has seen new additions to the leisure offerings at Discovery Bay. DBIR, Hong Kong's newest ice rink with state-of-the-art facilities, opened in May 2021. Excluding periods of closure due to pandemic restrictions, DBIR achieved a high usage rate on days it opened. In December 2021, Peony Chinese restaurant was opened to further expand the fine-dining offerings at Discovery Bay. Headed by a chef from a Michelin-starred restaurant, Peony has already earned good feedback from patrons within a short period of time.

Despite facing periodic closures because of social distancing restrictions during the FY2022, the Group's leisure businesses rose to the challenge and took the opportunity to enhance their facilities and services. For example, Discovery Bay Golf Club finished upgrading all its courses in 2021 to provide an enhanced customer experience. As for the LYC, its world-class facilities have been widely acknowledged since an upgrade was completed in the last financial year. The LYC marina was awarded Five Gold Anchors by the leading Marina Industries Association.

With COVID-19 situation stabilising towards the end of the FY2022 and the gradual relaxation of related restrictions, demand for the Group's leisure businesses is expected to increase. The Group holds a 50% interest in all of Discovery Bay's leisure businesses.

## **HEALTHCARE**

The Group's wholly owned subsidiary GenRx Holdings Limited ("GenRx") previously operated a wide range of healthcare services in Hong Kong and Macau. On 16 February 2022, GenRx entered into an agreement with EC Healthcare to dispose of all its medical businesses, comprising Health & Care Dental, Qualigenics Medical, AmMed Medical Diagnostic Center, and Humphrey & Partners Medical Services. The disposal enables the Group to further integrate its business structure and better focus on its core businesses. The sale was completed on 31 March 2022.

## **OUTLOOK**

For more than 40 years, the Group has navigated various economic conditions that have proven the effectiveness of its tried-and-tested core strategies. Despite a prolonged period of pandemic-induced disruption, the Company and its subsidiaries have built on their strong foundations, acted flexibly in response to market changes, and achieved resilient growth during the FY2022. In the face of strong headwinds, the concerted efforts of the Company and its subsidiaries have proven to be the best tool to rise to challenges and uncertainties.

With the pandemic waning after the first quarter of 2022, the property and hospitality markets in locations where the Group operates, have displayed signs of having bottomed out. However, the macro-economic environment and housing policies still pose potential risks for the market. Nevertheless, the Group remains prudently optimistic on the property and hospitality markets' outlook in view of still-strong market demand and its ability to provide high-quality projects that cater to consumers' needs.

To pave the way for medium to long-term development, and to better equip the Group to rise to future challenges and face emerging uncertainties, the Company will continue to hold firm to its development and investment strategies. The Group shall selectively replenish its land bank, and will work towards strengthening the Group's balance sheet and improving cash flow to fuel future growth when opportunities arise.

## **FINANCIAL REVIEW**

### **SEGMENT RESULT ANALYSIS**

#### **Property Development**

During the year, the Group recognised a segment revenue of HK\$2,963.2 million (2021: HK\$2,784.9 million) and net profit of HK\$450.1 million (2021: HK\$735.8 million) from property sales and other services rendered in Hong Kong and mainland China. Main contributor included recorded sales of Poggibonsi and IL PICCO in Hong Kong and Mansion One, Creekside One and Elite House in mainland China. For the preceding year, the main contributor included those sales of Oasis One and Elite House in mainland China. As of 31 March 2022, the Group has HK\$119.4 million contracted but unrecognised property sales.

#### **Property Investment**

The Group recorded segment revenue of HK\$500.3 million (2021: HK\$502.7 million) and segment profit of HK\$920.7 million (2021: HK\$539.2 million). The sharp increase of segment profit was attributable to: (i) the recognition of realised disposal gains upon the completion of disposals of three Japan investment properties during the year; (ii) the increase in the Group's share of its result of HTH from HK\$226.9 million to HK\$276.4 million and; (iii) enhancement of the Group's properties portfolio in mainland China and Hong Kong by the newly acquired office premises, Jinsha INCITY in Hangzhou and the newly renovated West Gate Tower, both contributed immediate rental income.

## **Transportation Services and Property Management**

Property management services continued to provide a stable contribution to both revenue and net profit of the Group despite the pandemic. With the stabilization of the COVID-19 pandemic and gradual relaxation of social distancing measures, transportation services in Discovery Bay were seeing rebound on average daily ridership and revenues of the ferry and majority of the bus services routes were reverting back to normal, pre-COVID-19 levels. The segment recorded revenue of HK\$224.1 million (2021: HK\$206.6 million) and profit of HK\$37.5 million (2021: HK\$62.3 million). As compared to that of the preceding year, the segment profit had declined by 39.8% as a result of escalating fuel costs and lapse of certain subsidies from the Hong Kong Government under the Anti-epidemic Fund.

## **Hotel Operations**

The segment recorded revenue of HK\$218.4 million (2021: HK\$124.4 million) and loss of HK\$31.3 million (2021: HK\$82.4 million). The hotel operation was one of the hardest hit segments of the Group as The Sukhothai Bangkok's operating performance had been impacted by decrease in occupancy as a result of lockdown measures arising from the COVID-19 pandemic for the most of the year. However, Auberge Discovery Bay Hong Kong, which had been successful in delivering above-the-market performance in occupancy and room rates with its unique attractiveness for staycation, helped to reduce the overall loss for the segment.

## **Leisure Businesses**

The segment including mainly Discovery Bay Recreation Club, Club Siena, Discovery Bay Golf Club, LYC, DBIR and Peony Chinese Restaurant. The segment recorded revenue of HK\$261.9 million (2021: HK\$190.9 million) and loss of HK\$5.7 million (2021: profit of HK\$10.6 million) for the year. During the year, growth in membership and occupancy of LYC and the increase in transfer of Discovery Bay Golf Club's debentures drove up the segment revenue. Segment result however decreased by HK\$16.3 million as a result of impact of pandemic and certain business units are still at early stage of operations since commencement of business.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Net Debt and Capital Structure**

As of 31 March 2022, the Group had total bank balances and cash of HK\$2,717.7 million (2021: HK\$3,060.9 million) and a net debt of HK\$7,937.7 million (2021: HK\$ 4,623.9 million) after deducting total bank borrowings and other loans of HK\$10,655.4 million (2021: HK\$7,684.8 million).

As of 31 March 2022, about 43% of the Group's bank balance and cash were denominated in Hong Kong dollars, 26% in Renminbi, 2% in US dollars, 26% in Japanese Yen and the remaining were mainly in Singapore dollars and Thai Baht.

As of 31 March 2022, 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 22.4% (2021: 10.1%) falling within one year, 30.4% (2021: 1.4%) falling between one and two years, 44.4% (2021: 88.5%) falling between two and five years and 2.8% (2021: nil) falling over five years.

As of 31 March 2022, all bank borrowing and other loans were at floating rate bases whereas the unlisted notes were in fixed coupon rate. About 97% of the Group's total bank borrowings and other loans were denominated in Hong Kong dollars and the remaining were in Japanese Yen.

### **Shareholders' Fund and Gearing**

As of 31 March 2022, the shareholders' funds of the Group increased by HK\$1,343.0 million to HK\$25,026.9 million (2021: HK\$23,683.9 million).

The Group's gearing ratio was 31.7% (2021: 19.5%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as of 31 March 2022.

### **Availability of Facilities**

Total available loan facilities as of 31 March 2022 were HK\$14,638.6 million (2021: HK\$10,461.0 million), of which 86.3% were committed.

As of 31 March 2022, the unutilised credit facilities were approximately HK\$3,956.2 million (2021: HK\$2,772.4 million). The Group closely monitors its liquidity requirements and arranges financing for its development projects and operations as and when appropriate.

During the year, the average financing cost was at 1.1% per annum as compared to 1.4% per annum in the last corresponding period.

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 ACQUISITIONS, PROJECTS AND DISPOSALS**

In April 2021, the Group completed an acquisition of 18 shops and residential units at Hollywood Road and Upper Lascar Row in Sheung Wan at a consideration of HK\$375.3 million.

In June 2021, the Group completed the acquisition of a plot of land in Lin'an District, Hangzhou at a consideration of HK\$557.0 million.

In May and August 2021, the Group paid the land premium of Discovery Bay Master Plan 7.0E development in the total amount of HK\$5,240.2 million.

During September to December 2021, total instalment payment of RMB409.6 million was made for an acquisition of office units and the right of use of parking lots of a retail cum office building namely, Jinsha INCITY located at Qiantang District, Hangzhou. The remaining consideration of RMB4.0 million is expected to be settled by third quarter of 2022.

In January 2022, the Group has paid the total consideration of HK\$1,023.0 million for the acquisition of a land lot at Songjiang District, Shanghai.

In October 2021 and February 2022, the Group disposed of five investment properties in Japan at the total consideration of HK\$1,459.4 million. Sales of three investment properties were completed in November 2021 and those of remaining two investment properties were also completed in April 2022.

## **PLEDGE OF ASSETS**

As of 31 March 2022, the loans to a joint venture by the Group amounting to approximately HK\$854.5 million (2021: HK\$803.9 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\$107.1 million (2021: HK\$103.2 million) as of 31 March 2022 given to a bank in respect of a banking facility granted to an investee company.

The Company provided a corporate guarantee of 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 of proportionate share of 40% is HK\$1,616.1 million (2021: HK\$1,052.5 million) as of 31 March 2022.

Save as disclosed above, the Group did not have other significant financial guarantee contracts as of 31 March 2022.

## **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

The Company has fully complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, which was in force and applicable to the FY2022 save for a deviation of E.1.2 (Chairman of the Board’s attendance at the Annual General Meeting). The reason for deviation is set out in the Corporate Governance Report contained in the Annual Report 2021/2022 of the Company which will be published shortly. Since the publication of the Company’s interim report for the six months ended 30 September 2021, there has been no other deviation from the CG Code.

## REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group for the FY2022 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 2022 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, 29 June 2022

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

Ms NGAN Man Ying

***Non-executive Directors***

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

***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