

# KW 嘉華國際集團有限公司

K. WAH INTERNATIONAL HOLDINGS LIMITED

於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

Stock code 股份代號 00173

年報 2023  
ANNUAL REPORT



*Delivering Value with  
Distinctive Quality*

建優創值 力臻恆遠



## OUR MISSION

It is our mission to focus on customer needs and pursue the spirit of excellence with quality products and services through our commitment to research, design and value creation. With vision, perseverance and teamwork, we strive to provide shareholders with the best return on their investment.



## CORPORATE PROFILE

K. Wah International Holdings Limited (“KWIH” or “the Group”, stock code: 00173) is the listed property arm of K. Wah Group. With a strong foothold established in Hong Kong, KWIH has grown and prospered into a leading integrated developer and investor of exquisite and niche projects, with a strategic focus on Hong Kong, the Yangtze River Delta and Pearl River Delta regions.

Committed to delivering premium projects built to an uncompromising standard of quality, our portfolio of large-scale residential communities and comprehensive development undertakings such as premium residential developments, Grade-A office towers, hotel, serviced apartments and retail premises are truly one-of-a-kind. Each of our properties boasts a perfect interplay of superb design, delicate craftsmanship, top-notch facilities and innovative features, thanks to a team of seasoned professionals. That is also why we are honoured with a host of international accolades, besides earning a reputed name for impeccable living.

Cresleigh Property, the property management arm of the Group, delivers exceptional hotel serviced property management services guided by advanced and international standards in general to premium residential buildings, commercial facilities, office towers and real estate complexes.

Sharing the common vision of excellence and sustainability, we go beyond both in the projects we develop and the communities we help grow and cultivate. We have always been a trend-setter pioneering unique and sophisticated lifestyle, embracing customers’ needs and creating added value in the projects we undertake as a premier brand.

Taking pride in our track record and strong financial capability, guided by the spirit of prudence and excellence, we will continue to adopt a progressive strategy with a disciplined approach in land acquisition, in strive for setting ever higher standards of quality living spaces and delivering long term shareholder value.

## 企業使命

秉承以客為本及追求卓越之精神，不斷透過研究、設計及創造價值，恪守不屈不撓、群策群力及具遠見之經營理念，為客戶提供優質產品及服務，並為股東帶來理想投資回報。

## 公司簡介

嘉華國際集團有限公司（「嘉華國際」或「集團」；股份代號：00173）為嘉華集團旗下之房地產業務旗艦，創立並紮根於香港，至今已發展成以香港、長三角及珠三角地區為策略據點之綜合發展商及投資者，所開發之項目均以品精質優見稱。

嘉華國際擅長於開發優質物業，由旗下專業團隊所拓展之項目涵蓋大型住宅社區、綜合城市發展項目，其中包括優質住宅、甲級寫字樓、酒店、服務式公寓及特色商舖，物業皆匠心獨運，揉合特色設計、精湛技術、頂尖設備及創新元素於一身，多年來物業質素備受市場認同，建築及設計屢獲國際殊榮。

集團旗下的嘉英物業以先進的管理理念和國際高端精品酒店的營運模式，為物業提供專業及優質的管理服務，其服務類型涵蓋主流及高端住宅、商業設施、寫字樓和房地產綜合體。

集團以締造理想和諧的生活國度為發展宗旨，因地制宜，不僅用心傳承「嘉華」的優質品牌內涵，更以臻善創新的意念打造別樹一幟的物業，塑造現代生活新標準，切合家需要的同時，亦為物業注入長遠價值。

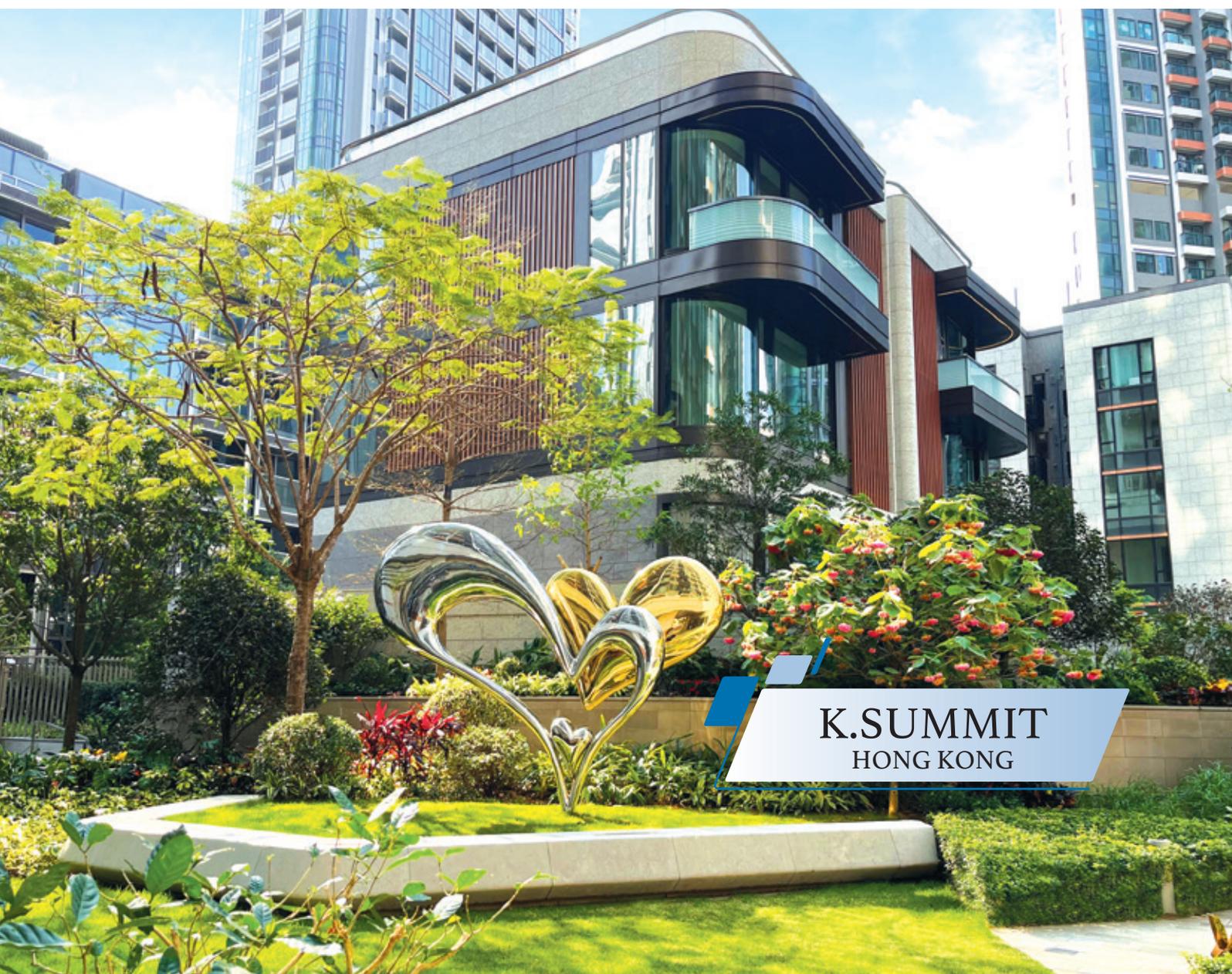
憑藉資深經驗及雄厚財政實力，嘉華國際將繼續以審慎進取的策略，物色具潛力的土地，竭誠為客戶打造優質的生活空間，為股東帶來長遠而持續的回報。



*Company website*

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**K.SUMMIT**  
HONG KONG



# Achievements

## K. Wah International Holdings Limited

- BCI Asia Hong Kong's Top 10 Developers 2023
- Caring Company
- Corporate Brand Awards of Excellence 2023 — Landscape Design Excellence Award
- Employer of Choice Award
- ERB Manpower Developer Award
- Good MPF Employer Award
- Happiness at Work Promotional Scheme
- HKET Excellence Awards 2023 — Excellence in Thoughtful and Practical Property Design
- HKIRA Investor Relations Awards 2023 — Best IR Company
- Outstanding Corporate Social Responsibility Award
- Quam IR Awards 2022
- Work-Life Balance Award
- 01 Gold Medal Awards 2022 — Outstanding Landscape Design Enterprise
- 2022 annual report — Bronze Award in "Real Estate Development — Cover Design"
- 2022 annual report — Honors in "Cover Photo/ Design: Real Estate Development/SVC"

## K. Wah (China) Investment Co., Ltd.

- China Human Resource Pioneer Employer
- Visionary Employers' Choice ESG Practice Award

## K. Summit, Hong Kong

- The Excellent Building Award 2023 — Grand Award

## KT Marina, Hong Kong

- Now TV Leadership Business Award 2023 — Garden in the City Residential Design Award of Excellence

## WYSH, Shanghai

- Best New Fashion and Cultural Landmark

## Palace Lane, Shanghai

- Best Exquisite Landmark of Artistic Life

## Stanford Residences, Shanghai

- Annual Excellent Serviced Apartment Brand 2023
- Best Hotel Brand 2023
- China's Leading Serviced Apartment Brand 2023



### Citta Residences, Shanghai

- Serviced Apartments of Readers' Choice 2023
- Serviced Apartments of the Year 2023

### Cavendish, Nanjing

- Annual List of Attention 2023
- Best Complete Property
- Excellent Quality Property
- Semi-annual Benchmark Property

### Sierra, Nanjing

- District's Best Property
- DNA Paris Design Awards 2023, France — Honorable Mention Award
- List of Popularity 2023
- MUSE Design Awards 2023, the US — Gold
- Semi-annual Popular Property
- TITAN Property Awards 2023, the US — Gold

### VETTA, Suzhou

- Global Habitat Design Awards — Silver Award in Residential Architecture, Architectural Design Category

### Cosmopolis, Cosmo, Guangzhou

- Excellent Property Delivery 2023
- High-quality Living Role Model 2023
- Quality Property in Guangzhou 2023

### Bayview, Dongguan

- Residential Property 2023

### Crowne Plaza Guangzhou Huadu

- Best Business Hotel Award
- Elite Favourite Quality Business Hotel
- Outstanding Partner Award
- 2023 Spring Sales Blitz-Flash Award
- 2023 Q1 Sliver Dragon Award
- 2023 Q1 3rd Award of The Highest Revenue of Budget Achievement — C&E
- 2023 2X Business Rewards Campaign TOP Performance Award

### K. Wah Plaza, Jiangmen

- 2023 Jiangmen Night Fun City Top 100 Outstanding Tenants





# Financial Calendar

<b>DATES</b>	<b>EVENTS</b>
23 August 2023	Announcement of Interim Results for the six months ended 30 June 2023
26 October 2023	Payment of 2023 Interim Cash Dividend of 7 HK cents per share
28 March 2024	Announcement of Annual Results for the year ended 31 December 2023
6 June 2024 to 12 June 2024 (both dates inclusive)	Closure of Registers of Members for ascertaining shareholders' eligibility to attend and vote at the 2024 Annual General Meeting
12 June 2024	2024 Annual General Meeting
19 June 2024 to 24 June 2024 (both dates inclusive)	Closure of Registers of Members for ascertaining shareholders' entitlement to the 2023 Final Dividend
24 June 2024	Record Date for 2023 Final Dividend
24 July 2024	Payment of 2023 Final Scrip Dividend (with a cash option) of 9 HK cents per share

# Corporate Information

## CHAIRMAN & MANAGING DIRECTOR

Dr. Lui Che-woo, *GBM, MBE, JP, LLD, DSSc, DBA*

## EXECUTIVE DIRECTORS

Mr. Francis Lui Yiu Tung  
Mrs. Paddy Tang Lui Wai Yu, *BBS, JP*  
Mr. Alexander Lui Yiu Wah

## NON-EXECUTIVE DIRECTOR

Dr. Moses Cheng Mo Chi, *GBM, GBS, OBE, JP*

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwai Lam  
Mr. Nip Yun Wing  
Mr. Cheung Kin Sang<sup>(1)</sup>

## AUDIT COMMITTEE

Mr. Nip Yun Wing<sup>(2)</sup> (*Chairman*)  
Dr. Moses Cheng Mo Chi, *GBM, GBS, OBE, JP*  
Mr. Cheung Kin Sang<sup>(3)</sup>

## REMUNERATION COMMITTEE

Mr. Wong Kwai Lam<sup>(2)</sup> (*Chairman*)  
Dr. Lui Che-woo, *GBM, MBE, JP, LLD, DSSc, DBA*  
Mr. Nip Yun Wing<sup>(3)</sup>

## NOMINATION COMMITTEE

Dr. Lui Che-woo, *GBM, MBE, JP, LLD, DSSc, DBA* (*Chairman*)  
Mr. Wong Kwai Lam  
Mr. Cheung Kin Sang<sup>(3)</sup>

## COMPANY SECRETARY

Ms. Miranda Tse

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants and Registered Public Interest  
Entity Auditor*

## REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

29th Floor, K. Wah Centre  
191 Java Road  
North Point, Hong Kong

### Notes:

- (1) appointment with effect from 1 April 2023
- (2) appointed as the chairman of the committee with effect from the conclusion of the Annual General Meeting held on 7 June 2023 ("2023 AGM")
- (3) appointment with effect from the conclusion of the 2023 AGM

## PRINCIPAL BANKERS\*

Agricultural Bank of China  
Bank of China (Hong Kong)  
Bank of Communications  
China Construction Bank (Asia)  
DBS Bank  
Hang Seng Bank  
Hongkong and Shanghai Banking Corporation  
Industrial and Commercial Bank of China (Asia)  
Nanyang Commercial Bank  
Oversea-Chinese Banking Corporation  
The Bank of East Asia

## LEGAL ADVISORS\*

Baker & McKenzie  
Grandall Zimmern Law Firm  
P.C. Woo & Co.  
Wilkinson & Grist

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## WEBSITE ADDRESS

<http://www.kwih.com>

## SHARE LISTING

The Stock Exchange of Hong Kong Limited  
("HK Stock Exchange")

## STOCK CODE

HK Stock Exchange : 00173  
Bloomberg : 173 HK  
Reuters : 0173.HK

\* Listed in alphabetical order



# Five Years Summary

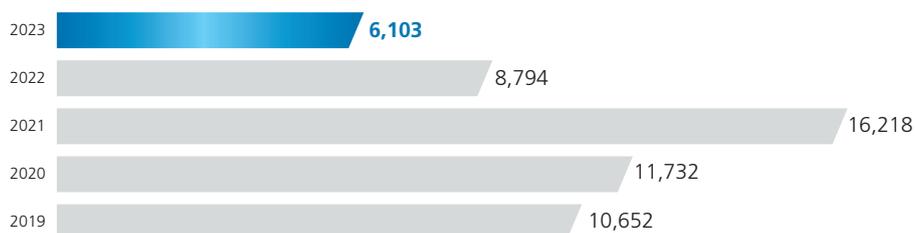
## CONSOLIDATED PROFIT AND LOSS STATEMENT

	2019	2020	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	10,651,931	11,732,483	16,217,700	8,793,712	<b>6,102,809</b>
Profit before tax	5,299,400	4,860,324	5,090,122	2,068,046	<b>1,488,934</b>
Taxation charge	(2,063,286)	(1,564,805)	(1,650,829)	(641,563)	<b>(646,704)</b>
Profit for the year	3,236,114	3,295,519	3,439,293	1,426,483	<b>842,230</b>
Non-controlling interests	(86,376)	(27,080)	(84,416)	(54,096)	<b>(40,074)</b>
Profit attributable to equity holders of the Company	3,149,738	3,268,439	3,354,877	1,372,387	<b>802,156</b>
Earnings per share (HK cents)	100.8	104.6	107.3	43.8	<b>25.6</b>
Dividend per share (HK cents)	20.0	21.0	21.0	21.0	<b>16.0</b>

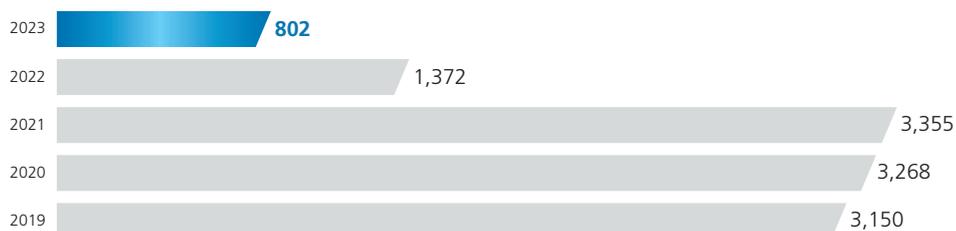
## CONSOLIDATED BALANCE SHEET

	2019	2020	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	15,660,220	16,225,167	17,473,172	20,498,244	<b>17,224,026</b>
Associated companies and joint ventures	12,807,230	13,511,241	14,346,076	13,803,948	<b>13,194,362</b>
Other non-current assets/ investments	9,914,230	10,916,424	8,932,309	10,264,672	<b>8,656,304</b>
Net current assets	20,441,897	26,523,812	23,737,413	17,004,471	<b>21,055,575</b>
Employment of capital	58,823,577	67,176,644	64,488,970	61,571,335	<b>60,130,267</b>
Financed by:					
Share capital	312,517	312,697	313,023	313,289	<b>313,289</b>
Reserves	38,573,520	43,264,074	43,585,993	43,542,869	<b>42,014,797</b>
Shareholders' funds	38,886,037	43,576,771	43,899,016	43,856,158	<b>42,328,086</b>
Non-controlling interests	1,231,899	1,248,191	1,316,418	2,786,713	<b>2,769,355</b>
Long-term borrowings and guaranteed notes	16,171,810	19,525,695	16,385,011	12,244,037	<b>12,324,296</b>
Other non-current liabilities	2,533,831	2,825,987	2,888,525	2,684,427	<b>2,708,530</b>
Capital employed	58,823,577	67,176,644	64,488,970	61,571,335	<b>60,130,267</b>
Net assets value per share (HK\$)	12.44	13.94	14.02	14.00	<b>13.51</b>

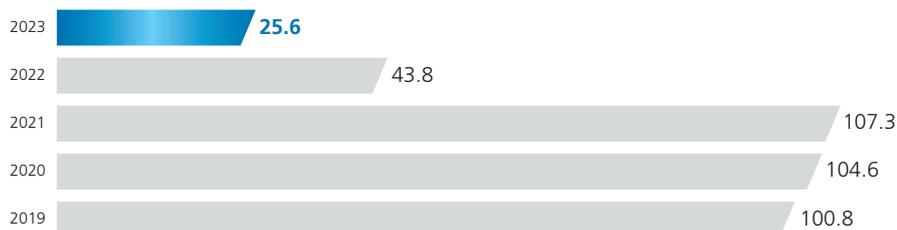
## Revenue (HK\$ Million)



## Profit Attributable to Equity Holders of the Company (HK\$ Million)



## Earnings Per Share (HK Cents)



## Dividend Per Share (HK Cents)



■ Final Dividend  
■ Interim Dividend

## Net Assets Value Per Share (HK\$)





## Statement from the Chairman



### *Dear Shareholders,*

KWIH's premium residential projects in Hong Kong and the Mainland continued to be well-supported by the market as sales was launched in a steady manner according to prudent strategies in persistent adherence to the principles of "impeccable quality" and "K. Wah Plus". For the financial year ended 31 December 2023, the Group reported attributable contracted sales of approximately HK\$5.9 billion and attributable revenue of approximately HK\$12 billion. Profit attributable to equity holders amounted to approximately HK\$800 million, with underlying profit amounted to approximately HK\$770 million. Having considered the amount of contracted sales yet to be

recognised and the development progress of various projects, the Board remains confident in maintaining the Group's long-term business growth. However, there are still many uncertainties. The Group adheres to the principle of prudent financial management and, therefore, decided to adjust the dividend in order to build for the future. The Board has recommended a final dividend of 9 HK cents per share for the year ended 31 December 2023. Together with the interim dividend of 7 HK cents per share, the dividend for the full year amounted to 16 HK cents per share.

While the economy worldwide gradually shrugged off the impact of COVID-19 in 2023, the business environment remained challenging, as macro-economic factors such as hiking interest rates and geopolitical developments continued to prevail. Economic activities in Hong Kong gradually resumed after borders with the Mainland were fully reopened at the beginning of the year. However, the overall recovery was slow. In the high-interest-rate environment, the property market sentiment was affected, and investors mostly adopted a wait-and-see attitude.

Despite uncertainties in the Hong Kong economy, the Group launched premium residential projects at opportune timing according to a prudent strategy, taking into account changes in overall market conditions. KT Marina, the joint venture project located in the Kai Tak runway area, was launched for sale in November, while a number of solely-owned and joint venture projects, such as the Hospital Road project, King's Road project, Kai Tak Area 4A Site 2 and LOHAS Park package 13, will be launched for sale subject to market conditions. In the Mainland, the Central Government implemented supportive measures for the property market, such as the relaxing of regulatory measures in various cities and support for financing for property developers, among others, to stabilise the market and boost investors' confidence. In Shanghai, construction of the residential portion of the Group's large-scale comprehensive development project in Huajing Town, Xuhui District commenced during the year and sales started recently towards the end of February 2024 with an encouraging market response. The Group will continue to focus on Hong Kong and tier-1 or 2 cities in the Mainland targeting upgraders, whilst closely monitoring market changes as it makes plans to launch further premium projects.

During the year under review, KWIH continued to acquire quality land parcels based on its prudent land-bidding strategy. In June, the Group solely acquired a project on King's Road in Tin Hau, Hong Kong Island with plans to redevelop the plot into a residential development for sale. At present, the Group holds a landbank with a total attributable gross floor area of approximately 1.5 million square metres in Hong Kong and the Mainland for development. In 2024, the Group will continue to pursue opportunities for development in a prudent and disciplined manner.

## OUTLOOK

While the direction in which the global economy is heading in 2024 remains unclear, overall market condition will hinge on the timing and scale of anticipated interest rate cuts throughout the year. Nevertheless, the Mainland and Hong Kong are expected to sustain resilient economic growth. The presence of numerous stimulus measures and factors, including the Central Government's recent move to step up with its measures to support the property market and the Hong Kong Government's announcement of measures to stabilise the property market, in the context of considerable resilient underlying demand, will be conducive to the improvement of the overall sentiments in the property market and gradually restore the confidence of more cautious buyers. With a cautiously optimistic outlook on the medium- to long-term development of the property markets in Hong Kong and the Mainland, KWIH will continue to maintain a stable cash flow and financial position, as well as develop unique, premium properties according to flexible development strategies on the back of its proven experience.

On behalf of the Board, I wish to take this opportunity to thank all our staff who have worked relentlessly to make contributions to the Group and fulfilled their duties with steadfast effort during difficult times, overcoming various challenges with utmost dedication. I look forward to their continued collaboration with the Group to seize future opportunities for development and realise the Group's vision for long-term and sustained business growth.

**Dr. Lui Che-woo**

*Chairman*

28 March 2024



**K. SUMMIT**  
HONG KONG



# Management Discussion and Analysis

## OPERATIONS REVIEW AND OUTLOOK

### Operating Results

The revenue of the Group for the year ended 31 December 2023 was HK\$6,103 million, primarily derived from the property sales of K. Summit in Hong Kong, Navale in Shanghai, VETTA in Suzhou and Cosmo in Guangzhou, and the rental income of Shanghai K. Wah Centre. The attributable revenue of the Group (comprising the revenue of the Group and attributable revenue from joint ventures and associated companies of HK\$5,857 million) was HK\$11,960 million for the year ended 31 December 2023.

Profit attributable to equity holders of the Company was HK\$802 million while the underlying profit of the Group was HK\$769 million before the net of tax fair value change of investment properties for the year ended 31 December 2023.

The total comprehensive loss attributable to equity holders of the Company was HK\$870 million for the year ended 31 December 2023 after accounting for the fair value change on the non-current investment of an approximately 3.72% interest in Galaxy Entertainment Group Limited (“GEG”) and exchange differences arising from translation of the Group’s RMB denominated net assets at year-end.

Attributable contracted sales of the Group (comprised of contracted sales of the Group and attributable contracted sales from joint ventures and associated companies) in 2023 amounted to HK\$5.9 billion, mainly derived from Grand Victoria and K. Summit in Hong Kong, Sierra in Nanjing, VETTA in Suzhou and Cosmo in Guangzhou.

As of 31 December 2023, the Group had attributable contracted sales yet to be recognised amounted to HK\$12.6 billion, expected to be accounted for from the year of 2024 onwards.

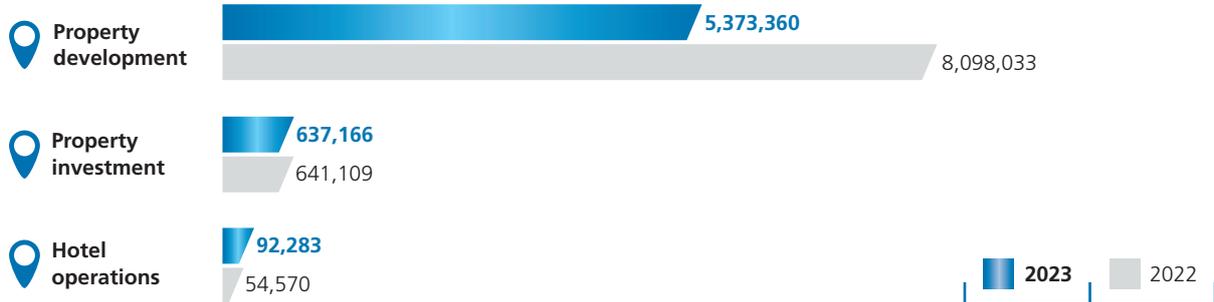
	Property development		Property investment	Others	Total
	Hong Kong HK\$'000	Mainland HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>2023</b>					
<b>Revenue</b>	<b>918,765</b>	<b>4,454,595</b>	<b>637,166</b>	<b>92,283</b>	<b>6,102,809</b>
<b>Adjusted EBITDA</b>	<b>452,659</b>	<b>711,404</b>	<b>493,464</b>	<b>(217,629)</b>	<b>1,439,898</b>
<b>Total assets</b>	<b>17,497,213</b>	<b>30,209,568</b>	<b>17,125,268</b>	<b>7,674,918</b>	<b>72,506,967</b>
<b>2022</b>					
<b>Revenue</b>	<b>3,960,957</b>	<b>4,137,076</b>	<b>641,109</b>	<b>54,570</b>	<b>8,793,712</b>
<b>Adjusted EBITDA</b>	<b>1,363,994</b>	<b>471,541</b>	<b>505,094</b>	<b>(213,004)</b>	<b>2,127,625</b>
<b>Total assets</b>	<b>18,392,778</b>	<b>33,191,504</b>	<b>16,209,817</b>	<b>8,841,810</b>	<b>76,635,909</b>



## Management Discussion and Analysis

### Revenue by Division

For the year ended 31 December 2023  
(HK\$'000)



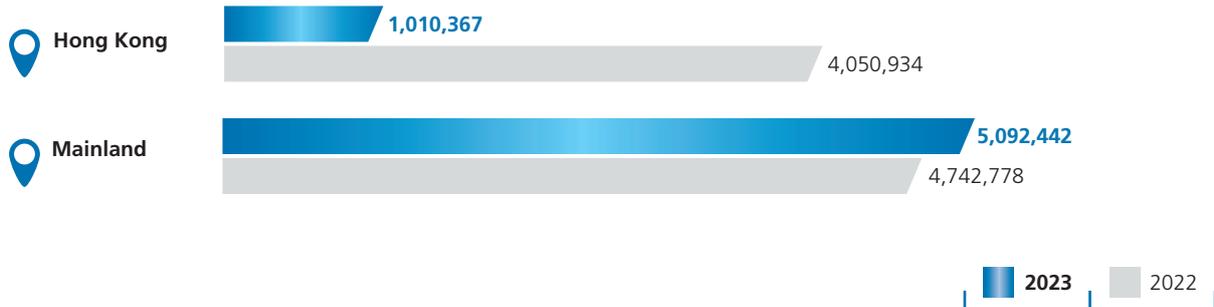
### Total Assets by Division

As at 31 December 2023  
(HK\$'000)



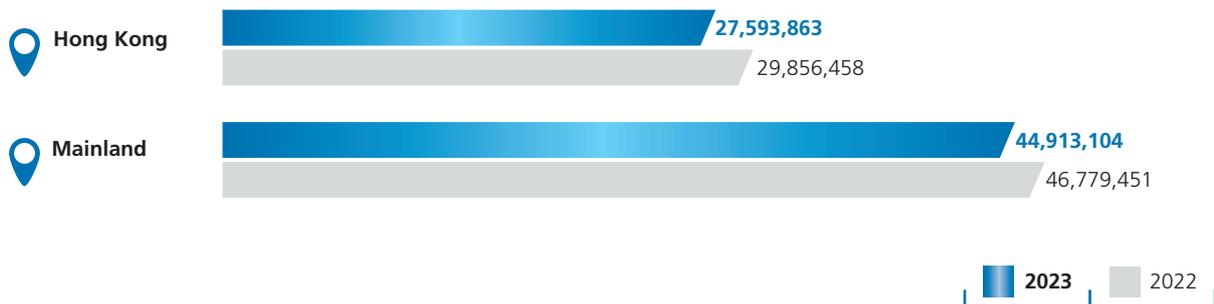
### Revenue by Geographical Area

For the year ended 31 December 2023  
(HK\$'000)



### Total Assets by Geographical Area

As at 31 December 2023  
(HK\$'000)



## Property Development

### (A) Hong Kong

During the year, the Group continued to market the remaining units of various launched projects. We also captured the market demand for high-end properties and sold 6 special units of K. Summit as well as a Chantilly apartment unit, with contracted sales amounting to HK\$0.7 billion. The remaining units at Chantilly continue to be held as a long-term investment.

The handover of sold units for Grand Victoria commenced in June following the issuance of the certificates of compliance, with corresponding attributable revenue of approximately HK\$3.6 billion recognised in the year.

The Group will continue to market its remaining units in various launched projects. In addition, some projects in the sales pipeline will be launched for sale in 2024, subject to market conditions.

Construction works of projects under development are progressing as scheduled.

Details of the Group's major development projects are as follows:

#### *K. Summit, Kai Tak (100% owned)*

This premium residential development is located in the Kai Tak Development Area near the MTR Kai Tak Station. It has a total GFA of approximately 53,000 square metres offering 1,006 units. The development of the project has been completed and was well received by the market, with only 4 special units still available for sale as of year-end. Subsequently, all these remaining units were sold.

#### *2 Grampian Road, Kowloon (100% owned)*

This project has 5 premium house units and is situated in one of Kowloon's prime residential areas with a total GFA of approximately 2,000 square metres. The development of the project has been completed and is ready to be put on the market.



\* Location shown on an approximate basis only and accuracy not assured.



## Management Discussion and Analysis

### ***Inland Lot No. 8872, Hospital Road, Hong Kong (100% owned)***

This prime site within walking distance to the MTR Sai Ying Pun Station, offers a total GFA of approximately 4,000 square metres and is located on a hillside enjoying panoramic city views, while a number of historical architectural buildings are in the vicinity. It is being developed into a premium residential project, construction works are well underway and the project is targeted to complete in 2026. Pre-sales are expected to be launched in 2024, subject to market conditions.

### ***31–33 King's Road, Hong Kong (100% owned)***

This newly acquired building, with a total GFA of approximately 4,000 square metres, is in close proximity to the city's central business district and sits within walking distance to the MTR Tin Hau Station. It will be redeveloped into a premium residential project. Demolition is in progress with targeted completion for the project in 2026. Pre-sales are expected to be launched in 2024, subject to market conditions.

### ***Grand Victoria, South West Kowloon (22.5% owned)***

This project is a premium-grade residential property comprising 1,437 units in three phases. With a total GFA of approximately 91,800 square metres, it is situated within walking distance to the MTR Nam Cheong Station in a coveted urban waterfront location with panoramic harbour views. Pre-sales began in 2021 and 75% of the units were sold as of year-end. The development is complete with certificates of compliance obtained in mid-2023. The pre-sold units were handed over to buyers with corresponding sales recognised for the year.

### ***Grand Mayfair, Yuen Long (33⅓% owned)***

This project has a total GFA of approximately 114,800 square metres and is next to the MTR Kam Sheung Road Station, connecting it to other parts of the city and also offering convenient access to the Mainland. It is being developed into a premium residential project by a joint venture with other property developers comprising 2,200 units in three phases.



2 Grampian Road, Hong Kong

Construction works are well underway and the project is targeted to complete in 2024/2025. Pre-sales of Phases I and II were launched in 2022 with nearly all of the launched units sold. Pre-sales of Phase III are expected to be launched in 2024, subject to market conditions.

***Villa Garda, Tseung Kwan O (30% owned)***

This site, with a total GFA of approximately 88,800 square metres, is situated on the seafront at Tseung Kwan O and connected to the MTR LOHAS Park Station. The site is being developed into a premium residential project by a joint venture with other property developers offering 1,880 units in three phases. Construction works are well underway and the project is targeted to complete in 2024/2025. Pre-sales began in 2022 with approximately 90% of the launched units sold.

***KT Marina, Kai Tak (40% owned)***

This site, with a total GFA of approximately 99,900 square metres, is located in the Kai Tak Development Area close to the MTR Kai Tak

Station. It is being developed into a premium residential project by a joint venture with other property developers offering 2,138 units in two phases. Construction works are well underway and the project is targeted to complete in 2024/2025. The pre-sales of Phase I began in November 2023 with one-fourth of the launched units sold. Pre-sales of the remaining phase are expected to be launched in 2024, subject to market conditions.

***New Kowloon Inland Lot No. 6554, Kai Tak Area 4A Site 2 (10% owned)***

This site, with a total GFA of approximately 111,900 square metres, is located in the Kai Tak Development Area opposite KT Marina, with panoramic views of Victoria Harbour. The project is being developed into a premium residential project by a joint venture with other property developers. Construction works are well underway with targeted completion in 2024/2025. Pre-sales are expected to be launched in 2024, subject to market conditions.



KT Marina, Hong Kong



NAVALE  
SHANGHAI



**LOHAS Park Package Thirteen Property Development, Tseung Kwan O (25% owned)**

This site has a total GFA of approximately 144,000 square metres and is being developed into a premium residential project by a joint venture with other property developers. It is located northwest of the MTR LOHAS Park Station and enjoys views of Junk Bay. Construction works are well underway with targeted completion in 2026. Pre-sales are expected to be launched in 2024, subject to market conditions.

**(B) Mainland**

During the year, following the presale consent, the Group launched sales of a residential block of our well-received project, Sierra in Nanjing,

with the majority of the units selling on launch day. Together with previous sales, Sierra has generated total contracted sales of around RMB5 billion, yet to be recognised to the Group. In addition, a number of rental units were disposed during the year while the Group maintained its strategy to enlarge its recurring income base.

Following the completion of several projects, the handover of pre-sold units to buyers commenced and was executed smoothly, with the corresponding sales recognised in the year.

The development of the Group’s projects under construction is progressing on schedule and according to plan.

Details of the Group’s major development projects are as follows:



\* Location shown on an approximate basis only and accuracy not assured.



***Shanghai, Nanjing and Suzhou***

***Navale, Pudong New District, Shanghai  
(100% owned)***

This project, with residential buildings for a total GFA of approximately 14,200 square metres, is located in the prime location of the Lujiazui Financial Centre by the Huangpu River in Pudong. The project offers the market 106 residential units and pre-sales were launched in 2022 to an overwhelming market response. With the exception of one special unit which remains for sale, all the other units were pre-sold on launch day. The development was completed in January 2023 with corresponding sales recognised in the year.

***Imperial Mansion, Hongkou District,  
Shanghai (49% owned)***

This project, with a total GFA of approximately 47,000 square metres, is located in Hongkou District and provides 215 residential units with commercial facilities. Pre-sales of residential units were launched in 2022 to an overwhelming market response, with all the

residential units pre-sold on launch day. The development was completed in October 2023 with corresponding sales recognised in the year.

***Site XHPO-0001, D1-2&D5B-1, Huajing  
Town, Xuhui District, Shanghai (60%  
owned)***

This project, with a total GFA of approximately 195,800 square metres, is located in a core development zone planned for artificial intelligence and life science industries. In close proximity to a multiple-railway interchange, this comprehensive development is being developed in phases, integrating residences, offices, retail and a hotel for sale/long-term investment. The residential portions, Avenir, will offer the market 440 units of three- and four-bedroom and were launched for sale in February 2024 with an encouraging market response as more than half of the units were pre-sold on launch day. Construction works are in progress with the residential towers scheduled to be completed in 2025.



Avenir, Shanghai

***Cavendish, Jiangning District, Nanjing  
(100% owned)***

This project is located in Jiangning District, close to several railway and transportation networks and within walking distance from Nanjing South Railway Station. It has a total GFA of approximately 49,700 square metres, offering 381 residential units and ancillary commercial facilities. The development of the project has been completed with its sales launch in 2022. 70% of the units were sold as of year-end.

***Site 2020G72, Hexi New Town, Jianye District, Nanjing (100% owned)***

This project, located in a core urban district, is in close proximity to the central business district of Hexi and next to Wuhoujie Metro Station with a total GFA of approximately 477,000 square metres. This comprehensive project is being developed in phases integrating residences, apartments, retail,

offices and a hotel for sale/long-term investment. The residential portions, Sierra, will consist of 11 towers with 856 units ranging in size from 103 to 211 square metres (three- to five-bedroom). 10 residential towers were put on the market with 96% units pre-sold as of year-end. Sales of the remaining tower will launch once the relevant documents have been obtained. Construction works are in progress with the residential towers scheduled to be completed in 2024.

***VETTA, Xiangcheng District, Suzhou  
(100% owned)***

This project is located in Suzhou Xiangcheng District, next to the Suzhou Railway Station and the Suzhou Rail Transit Line 2. It has a total GFA of approximately 70,400 square metres, offering 588 residential units of three- and four-bedroom. The development was completed in 2022 with more than 80% of the units sold as of year-end.



Cavendish, Nanjing



### ***Avanti, National Hi-Tech District, Suzhou (100% owned)***

This project is located in Suzhou National Hi-Tech District, next to the Suzhou Xinqu Railway Station, the Suzhou Rail Transit Line 3 and the Suzhou Rail Transit Line 6 (to be operational in mid-2024). With a total GFA of approximately 59,000 square metres, it offers 514 residential units. The development of the project has been completed with its sales launch in 2022. Two-thirds of the launched units were sold as of year-end.

### ***Guangzhou, Dongguan and Jiangmen***

#### ***Phases III&IV of K. Wah Plaza, Huadu District, Guangzhou (100% owned)***

Consisting of four buildings including apartments, offices and retail facilities, this completed project is close to Baiyun International Airport and has a total GFA of approximately 86,000 square metres. 75% of the apartments have been sold and the offices and retail portions are held for long-term investment purposes.

### ***Cosmo, Xinhuzhen West Site, Huadu District, Guangzhou (99.9% owned)***

This project sits just steps away from Baiyun District and is poised to benefit from enhanced transportation networks. It has a total GFA of approximately 579,000 square metres and is being developed in phases for residential units and commercial complexes. The first phase, with residential units for a GFA of approximately 187,000 square metres, provides 1,474 units of two- to four-room types in 12 towers and a commercial complex of 23,000 square metres. The development of the first phase has been completed with half of the launched units sold as of year-end. The commercial complex, Cosmo Avenue, was transferred to investment properties during the year and is planned to be operational in 2024.



Sierra, Nanjing

***An urban redevelopment project,  
Huangpu District, Guangzhou (70%  
owned)***

The Group participated in a joint venture with a local government-owned company for an urban redevelopment project. It is located in Huangpu District, close to the Dashadi and Yuzhu Stations of Metro Line 5, with a site area for redevelopment of approximately 22,000 square metres. Government approval for the project's master layout plan is in progress.

***Bayview, Songshan Lake District,  
Dongguan (100% owned)***

This project, situated in a prominent location in Songshan Lake District, Dongguan, is close to the central living area of Chashan Town with panoramic river views and in close proximity to Chashan Station on Dongguan's Rail Transit Line 2. It has a total GFA of approximately 159,000 square metres, providing 1,196 units, mainly of three and four-bedroom and some

special units, with ancillary commercial facilities. The development of the entire project was completed in 2023 with more than 75% of the units launched sold as of year-end.

***J City, Jianghai District, Jiangmen (100%  
owned)***

Located in Jianghai District and next to the Jiangmendong Railway Station of the Guangzhou-Zhuhai Intercity Railway, J City comprises two adjacent land sites with a total aggregate GFA of approximately 278,600 square metres, providing 2,111 residential units available for sale with ancillary commercial facilities. During the year, certain residential units were redecorated and converted into hotel rooms to cater for the needs of the market. The development has been completed with approximately two-thirds of the launched units sold as of year-end.



VETTA, Suzhou



## Management Discussion and Analysis

### *Jiajun Garden, Xinhui District, Jiangmen (50% owned)*

This site is located in the area of Jiangmen Avenue, at the heart of transportation networks, schools and commercial districts. It has a total GFA of approximately 100,000 square metres, providing 858 residential units available for sale. The development has been completed and nearly all of the units were sold as of year-end.

### *Ziwei Gongguan, Xinhui District, Jiangmen (30% owned)*

This project, located in the area of Jiangmen Avenue, is close to various transportation networks, schools and commercial areas. It has a total GFA of approximately 74,100 square metres, providing 642 residential units available for sale with ancillary commercial facilities. The development has been completed with 45% of the units sold as of year-end.

### **Property Investment**

The Group's leasing performance continued to be satisfactory during the year. The overall occupancy remained stable and continues to deliver the Group steady recurrent income.

Details of the Group's major investment projects are as follows:

#### **(A) Hong Kong**

### *J SENSES at J Residence, Johnston Road, Wan Chai (100% owned)*

With a total GFA of approximately 3,400 square metres, J SENSES is a premium dining and shopping arcade located in a prime Hong Kong Island location that offers the neighbourhood a high-end dining and leisure environment. It achieved an average occupancy rate of approximately 95% for the year and continues to deliver the Group stable rental income.



Cosmo, Guangzhou

**Commercial Complex at Twin Peaks, Tseung Kwan O (100% owned)**

With a total GFA of approximately 3,500 square metres, this complex serves the residents of Twin Peaks and the surrounding neighbourhood. It was fully leased as of year-end and continues to deliver the Group stable rental income.

**Chantilly, 6 Shiu Fai Terrace, Stubbs Road (100% owned)**

Located in a highly desirable area of Hong Kong Island, Chantilly offers a total GFA of approximately 4,700 square metres and is held for long-term investment. Approximately 85% units were leased as of year-end.

**Shops at K. Summit, Kai Tak (100% owned)**

With a total GFA of approximately 1,200 square metres, this complex serves the residents of K. Summit and the surrounding neighbourhood. The shops were fully leased as of year-end.

**(B) Mainland**

**Shanghai K. Wah Centre, Shanghai (69.6% effective interest)**

This prime investment property is situated on Huaihai Zhong Road in Xuhui District, a central business district of Shanghai, with a total GFA of approximately 72,000 square metres. It continues to be one of the city's landmark offices and the choice of multinational corporation tenants. The property achieved an average occupancy rate of 92% for the year and continues to provide the Group stable rental income.

**Stanford Residences, Shanghai (100% owned)**

The Group is dedicated to providing a privileged residential lifestyle environment for tenants seeking high-end modern living. "Stanford Residences", including "Jing An" and "Xu Hui" with a total GFA of approximately 57,000 square metres, offer everything from five-star management services to sophisticated and contemporary interiors that feature stylish furniture and fittings. Throughout the year, they continued to enjoy high occupancy with an overall occupancy rate of approximately 90%, delivering the Group stable rental income.



\* Location shown on an approximate basis only and accuracy not assured.



## Management Discussion and Analysis

### ***Palace Lane, Shanghai (100% owned)***

To serve its prestigious residents at The Palace and Xuhui's high-end retail market, Palace Lane, with a total GFA of approximately 8,000 square metres, offers consumers a variety of leisure, food and beverage experiences. It has been well received, with full occupancy as of year-end.

### ***EDGE, Shanghai (53.61% owned)***

EDGE, located by Suzhou Creek in Jingan District, with a total GFA of approximately 21,000 square metres, is close to various public transportation networks and connected to Qufu Road Station, an interchange station for Line 8 and Line 12 of the Shanghai Metro. Sustainability is integrated into its building design by incorporating green building features and the use of energy-efficient technologies and materials. It has been well received and maintained full occupancy throughout the year.

### ***WYSH, Shanghai (100% owned)***

WYSH, on Wuyi Road in Changning District, is situated in a historical and cultural heritage area in a well-developed community with good public transport networks. With a total GFA of approximately 13,300 square metres, it is positioned as an urban oasis integrating commerce, dining, leisure and entertainment, featuring both modern and traditional architectural elements. The development was completed in July 2023. Leasing campaigns have been rolled out with positive market responses, more than half of the commercial portions were leased as of year-end.

### ***Cavendish's commercial portions, Nanjing (100% owned)***

This commercial complex has a total GFA of approximately 7,300 square metres and became operational in mid-2022, with approximately 90% leased as of year-end.



Bayview, Dongguan

#### ***Cove Gala, Dongguan (100% owned)***

This commercial complex situated within Silver Cove has a total GFA of approximately 11,600 square metres. It provides daily needs for residents and also serves the surrounding neighbourhood by offering consumers a wide variety of leisure and dining experiences. The occupancy rate was 60% as of year-end.

#### ***K. Wah Plaza, Guangzhou (100% owned)***

Situated in a prime location in Huadu District and offering convenient access to a number of public transportation networks, this retail space and offices held for rental have a total GFA of approximately 51,000 square metres, with overall occupancy of 50% for the year.

#### **Land Bank Replenishment**

The Group participated in a number of land auctions or tenders. In June, the Group solely acquired a block of buildings on Hong Kong's King's Road, to be redeveloped into a premium residential project. The Group will continuously monitor the land market and continue to exercise discipline and sound judgment in evaluating land replenishment opportunities in both Hong Kong and the Mainland.

#### **Investment in GEG**

The Group has an investment of 162 million shares, or approximately 3.72% (2022: 3.72%) interest, in GEG, measured at fair value and classified as non-current assets. As of 31 December 2023, GEG represented 10% (2022: 11%) of the Group's total assets and its share price dropped to HK\$43.75 (2022: HK\$51.6). The decrease in fair value of HK\$1,276 million (2022: an increase of HK\$1,820 million) was recorded to reserves. During the year, a dividend of HK\$32 million (2022: HK\$49 million) was received from GEG.

The principal activities of GEG are gaming, the provision of hospitality and the sale, manufacture and distribution of construction materials. The audited consolidated profit attributable to equity holders of GEG for the year ended 31 December 2023 was HK\$6,828 million (2022: loss of HK\$3,434 million), while the audited consolidated net asset value attributable to equity holders of GEG as at 31 December 2023 was HK\$70,759 million (2022: HK\$63,914 million). A special dividend of HK\$0.3 per share was just declared.



J City, Jiangmen



## Management Discussion and Analysis

As stated in its 2023 annual results announcement, GEG continues to have confidence in the longer-term outlook for Macau. With its solid balance sheet and cash flow from operations, it is no doubt for GEG to fund its development pipelines and pursue its international expansion ambitions. GEG has also been awarded a new 10-year Gaming Concession, which commenced on 1 January 2023.

The Board continues to view its investment in GEG as sound and for the long-term.

### MARKET REVIEW AND OUTLOOK

#### Global, Mainland and Hong Kong

The global macroeconomic environment remains challenging amid ongoing geopolitical uncertainties. Persistent inflation and aggressive interest rate hikes by major central banks have weighed on economic growth worldwide. Inflation rates have slowed down after a period of increasing interest rates. Inflation rates in the United States (“US”) and United Kingdom decreased from 6.4% and 10.1% at the beginning of 2023 to 3.4% and 4.0% respectively

by the end of the year. However, it is important to note that supply chain disruptions and geopolitical risks, including the Israel-Hamas and Russia-Ukraine conflicts could potentially cause inflation rates to rise again.

After the Mainland removed all restrictive measures against COVID-19 in early 2023, a quick economic recovery was widely expected. However, weakening foreign trade and investments amid escalated Sino-US tensions, while the weakened property market and consumer confidence all hindered the Mainland’s economic recovery. The Hong Kong economy experienced a revival in the second half of 2023 with GDP growth up 4.1% in Q3 and 4.3% in Q4 respectively, supported by the resumption of cross-border travel with the Mainland. However, uncertainties in the global economic recovery and evolving geopolitical situations continue to impact Hong Kong economy. The Hong Kong stock market has been affected by high interest rates and US restrictions on investments in a number of sectors, while the Hang Seng Index fell 14% in 2023.



WYSH, Shanghai

### Hong Kong Property Market

The high interest rate environment in 2023 posed challenges for the Hong Kong property market, leading both to a decline in buyer interest and also a decrease in property market transactions. The number of primary transactions, totalling 10,752, marked the second lowest in the past 10 years, representing a decline of 33% when compared to the 10-year average. When considering both primary and secondary transactions, the total number recorded in 2023 was 43,002, the lowest in the past decade and 25% below the 10-year average. For investment properties, office rents, particularly Grade A offices, were under pressure amidst the uncertain economic outlook and forthcoming abundant supply. However, we prudently believe that the property market in Hong Kong will stabilise through the stimulus measures already introduced and to be introduced. Home prices, as indicated by the government index, have already experienced a decline of more than 10% compared to the peak in April 2023, rendering them more affordable. The sell-through rates of certain rigid demand projects launched in 2023 were satisfactory. We believe that the Hong Kong Government's 2024–25 Budget, incorporating additional measures such as the lifting

of all demand-side management stamp duties for residential properties could further stimulate buying demand. New arrivals to the city under the Admission Schemes for Talent, Professionals and Entrepreneurs, in particular, are expected to bring new demand to the Hong Kong property market. As of the end of December 2023, among approximately 51,000 approved applications under the Top Talent Pass Scheme, approximately 36,000 had arrived in Hong Kong. In addition, the reopening of the border with the Mainland has provided support to Hong Kong's tourism, retail, and catering industries, contributing to the ongoing economic recovery.

### Mainland Property Market

The property market in the Mainland encountered similar difficulties in 2023. The gradual economic recovery following the removal of COVID-19 restrictions has been slower than anticipated, while local developer debt issues are still unresolved, hampering the confidence of home buyers. In 2023, the national new home sales volume and value experienced a year-on-year decrease of 8.2% and 6.0% respectively. However, the new home sales performance of Tier-1 cities was relatively stable,



EDGE, Shanghai



## Management Discussion and Analysis

while the blended average of new home selling price index in Tier-1 cities increased by 1.1% year-on-year. There have been several positive market developments. To support businesses and the property market, the People's Bank of China has implemented measures lowering the reserve requirement ratio by 50 basis points and reducing the 5-year loan prime rate (the benchmark rate for mortgages) by 25 basis points in February 2024. Additionally, the Ministry of Housing and Urban-Rural Development announced that 170 cities across 26 provinces had already established "Property Financing Coordination Mechanisms". By the end of January, local governments had selected more than 3,200 real estate projects as eligible for funding in their first "whitelist" batch. By the end of February, this number of "whitelist" projects had grown to more than 5,300, which were circulated to local banks to arrange funding. The International Monetary Fund predicts 2024 GDP growth rate of 4.6% in the Mainland, surpassing that of developed economies. This, coupled with supportive fiscal policies to boost infrastructure spending and domestic consumption, will contribute to the recovery of the real estate market.

### Conclusion

Although there are ongoing geopolitical and economic uncertainties in 2024, we remain cautiously optimistic and expect positive developments. Inflation rates are showing signs of peaking in the US and other developed markets as supply chain pressures ease, which could result in a slower pace of interest rate hikes starting from mid-2023. Most analysts predict that interest rates may start to decline from mid-2024 as monetary policies normalise.

In Hong Kong, the implementation of additional measures, which include talent attraction programmes and the relaxation of stamp duties by the Hong Kong Government, as well as the reopening of the border with the Mainland, will further support the recovery of the property market.



Shanghai K. Wah Centre



(Top) Stanford Residences Jing An, Shanghai

(Bottom) Stanford Residences Xu Hui, Shanghai

In the Mainland, we expect an ongoing relaxation of property restrictions, as evidenced by recent moves such as easing of most home purchase restrictions in major cities. The Group recently launched Avenir, a residential project in Shanghai, to a positive response from buyers. The implementation of various government measures designed to stimulate the economy and improve market stability is also expected to contribute to the stabilisation of both home prices and transaction volumes.

The overall market performance relies on the timing and extent of anticipated interest rate reductions. Nevertheless, the resilience of economic growth in the Mainland and Hong Kong can be sustained. While current market conditions may pose challenges in the near term, we are well-positioned with a strong project pipeline to capitalise on the upturn in the market. The Group, with its solid financial resources, healthy liquidity and proven management competencies, will continue to focus on developing quality projects in Hong Kong and tier-1 or tier-2 cities in the Mainland, targeting upgraders. We are well-equipped to prudently seize any opportunities that arise, both in Hong Kong and the Mainland.

## REVIEW OF FINANCE

### Financial Position

The financial position of the Group remained satisfactory throughout the year. As of 31 December 2023, total funds employed (being total equity and total borrowings) were HK\$60 billion (2022: HK\$62 billion). The number of issued shares of the Company was 3,132,894,615 as of 31 December 2023, without any movement since last year end.

### Group Liquidity, Financial Resources and Gearing Ratio

The Group monitors its liquidity requirements on a short-to-medium-term rolling basis and arranges refinancing of the Group's borrowings when appropriate. As of 31 December 2023, the Group's borrowings were HK\$15,182 million (2022: HK\$14,939 million) and 19% is repayable within one year. The maturity profile of the borrowings is spread over a period of up to five years except for an amount of HK\$31 million which is due after five years. The average interest rate for the Group during the year increased to 4.7% from last year's average of 2.6% amid market rates hiking.



Palace Lane, Shanghai



## Management Discussion and Analysis

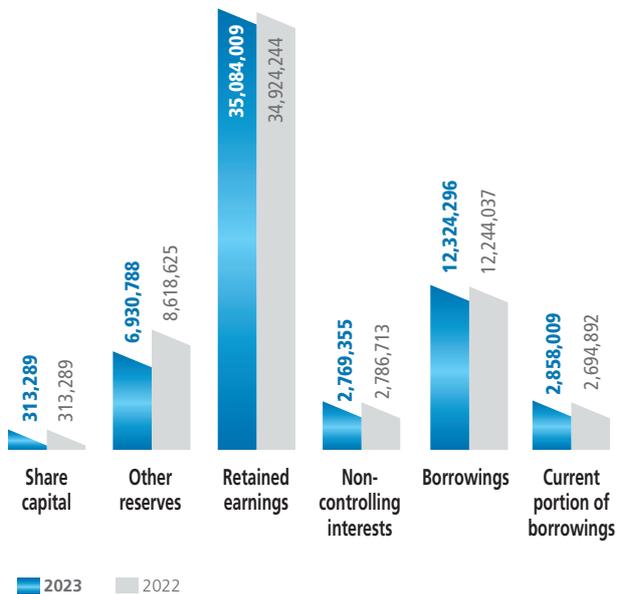
As of 31 December 2023, the Group had available undrawn banking facilities totaling HK\$16,811 million (2022: HK\$19,074 million) comprising HK\$13,580 million (2022: HK\$15,804 million) for working capital and HK\$3,231 million (2022: HK\$3,270 million) for project facility purposes.

As of 31 December 2023, cash and bank deposits stood at HK\$7,496 million (2022: HK\$8,660 million), and approximately 79% was held in Renminbi. The gearing ratio, defined as the ratio of total borrowings less cash and bank deposits to total equity, increased from 13% as of last year end to 17% as of 31 December 2023.

A 3-year revolving credit and term loan facility of HK\$4 billion was executed in December 2023 for refinancing a club loan of the same facility amount maturing in March 2024.

## Sources of Funding

As at 31 December 2023  
(HK\$'000)



K. Wah Plaza, Guangzhou and Crowne Plaza Guangzhou Huadu

### Treasury Policies

In order to minimise risk, the Group continues to adopt a prudent approach regarding foreign exchange exposure. Forward foreign exchange contracts are utilised when considered appropriate and when attractive pricing opportunities arise to mitigate foreign exchange exposures. Interest rate swap contracts are also utilised as appropriate to avoid the impact of any undue interest rate fluctuations on the Group's operations in the medium and longer term. Accordingly, 5-year interest rate swap contracts were executed with an outstanding amount of HK\$2 billion as of year-end (2022: HK\$2.5 billion for 3/5 years).

Of the Group's bank loans of HK\$15,182 million as of 31 December 2023, approximately 93% was denominated in Hong Kong dollars, with the remainder in Renminbi. Approximately 87% of such borrowings were on a floating rate basis, with the remainder on fixed rate basis.

### Charges on Group Assets

As of 31 December 2023, certain subsidiaries of the Group pledged assets (comprising investment properties and development properties) with aggregate carrying values of HK\$5,242 million (2022: HK\$4,921 million) to banks in order to secure the Group's borrowing facilities.

### Guarantees

As of 31 December 2023, the Group has executed guarantees in favour of banks in respect of facilities granted to certain joint ventures and associated companies, amounting to HK\$9,289 million (2022: HK\$9,096 million) and HK\$980 million (2022: HK\$2,664 million) respectively, of which facilities totaling HK\$6,153 million (2022: HK\$5,520 million) and HK\$969 million (2022: HK\$1,347 million) respectively have been utilised. In addition, the Group provided guarantees amounting to HK\$518 million (2022: HK\$1,697 million) in respect of mortgage facilities granted by banks relating to mortgage loans arranged for purchasers of the Group's properties.



Cove Gala, Dongguan



## Management Discussion and Analysis

As of 31 December 2023, the Company has executed guarantees in favour of banks in respect of facilities granted to certain subsidiaries, joint ventures and associated companies, amounting to HK\$28,693 million (2022: HK\$30,698 million), HK\$8,748 million (2022: HK\$8,411 million) and HK\$980 million (2022: HK\$2,664 million) respectively. Of these, facilities totaling HK\$14,453 million (2022: HK\$14,548 million), HK\$6,051 million (2022: HK\$5,453 million) and HK\$969 million (2022: HK\$1,347 million) respectively have been utilised.

### EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2023, the Group, excluding its associated companies and joint ventures, employs 951 employees in Hong Kong and the Mainland. Employees cost, excluding Directors' emoluments, amounted to approximately HK\$463 million for the year under review.

The Group believes its long-term growth and success depend upon the quality, performance and commitment of its employees. The Group's remuneration policy aims to offer competitive remuneration packages to attract, retain and motivate talents. With result-driven incentive programmes which are built upon our established performance management framework, the Group believes the remuneration packages of its employees are fair, reasonable and competitive in relation to comparable organisations with similar business interests.

The Group has put in place a share option scheme for its executives and employees since 1989 for the purposes of providing competitive remuneration package as well as retaining talents in the long term. The Group puts emphasis on employees' training and development opportunities which form an important component of the Group's human resources strategy. Training and development programmes are provided through internal and external resources in each year to address the needs of our employees for the sustainable development of our businesses.



J SENSES, Hong Kong

# Environmental, Social and Governance Policies

This section highlights the Group's Environmental, Social and Governance ("ESG") related policies and performance for the financial year ended 31 December 2023. Further details about the management approach towards the Group's sustainability strategies, relevant ESG-related policies, initiatives, and performance are detailed in the ESG Report 2023 which is prepared following the ESG Reporting Guide set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## Visionary Sustainable Development

Sustainable development is a core part of the business strategy of the Group. To prepare for the transition to a low-carbon economy and enhance our operational resilience to the impacts of climate change, the Group has focused its efforts on resource management and green building, while continuing to strive to optimise the Group's environmental footprint. The Board holds overall accountability for KWIH's ESG strategy and performance. The ESG Committee, co-chaired by two Executive Directors and comprised of functional department representatives, leads the implementation of ESG initiatives into the Group's daily operations. It also identifies ESG risks and opportunities to advise the Board on significant strategic and financial risks.

The Group follows the stringent Environmental Policy to manage the environmental impacts. KWIH have set medium-term targets of reducing greenhouse gas ("GHG") emissions intensity and energy intensity by 26% and 39%, respectively, by 2025 compared to 2016 baselines. Through persistent and diligent efforts, the Group's GHG emissions intensity has recorded a steady reduction from 2021 levels.

In 2023, KWIH's sustainability commitment and efforts were widely recognised by local and international institutions.

## Creating a Sustainable Environment

The Group was acknowledged for its remarkable achievements in landscape and horticultural design, showcasing its continuous efforts in pursuing excellence in quality and environmental conservation. KWIH was honoured with the "Landscape Design Excellence Award" at Corporate Brand Awards of Excellence 2023 organised by Hong Kong Economic Journal, as well as the "Outstanding Landscape Design Enterprise" award at 01 Gold Medal Awards 2022 organised by HK01. The prestigious landscape design featured in residential developments, including K. Summit and Solaria, creates a

comfortable yet aesthetic living environment for its residents. In addition, the excellent landscape design of KT Marina was recognised with the "Garden in the City Residential Design Award of Excellence" at Now TV Leadership Business Award 2023.

## AN ACCOUNT OF KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group regularly engages its stakeholders to understand their concerns and expectations regarding its sustainability initiatives, performance and future strategies, with an aim to collect their views and feedback. This facilitates the Group to identify risks and opportunities, balance different interests and make informed decisions.

## Empowering Our People

KWIH focuses on creating an inclusive work environment in line with its people-oriented approach. The group meticulously organises a diverse range of activities and programmes designed to enhance the overall well-being of our employees, foster teamwork and nurture a more inclusive and collaborative work culture. To encourage continuous professional development, the Group offers training subsidies and programmes to eligible employees. Additionally, various platforms such as the K. Wah Social Club, K-Channel and the internal KWIH mobile app have been consistently utilised to enhance internal communication.

The Group's excellent talent management strategy and employee-oriented spirit have been well recognised. It was honoured with the "Employer of Choice Award" from JobMarket for eight consecutive years, as well as "Work-Life Balance Award".

## Engaging Customers and Value Chain

KWIH strives to deliver quality products and services to the satisfaction of customers by implementing stringent control measures. All advertisements and other promotional materials, as well as intellectual property rights are fully abided with relevant local and national regulations. The Group's privacy guidelines have detailed procedures in place which cover the use and management of data and information in accordance with relevant regulatory requirements. A structural and systematic complaint-handling protocol is in place to ensure due response and proper follow-up actions.

To integrate environmentally and socially responsible practices along the value chain, contractors and suppliers are required to adhere to the Group's expectations on quality, environmental protection,



## Environmental, Social and Governance Policies

occupational health and safety protocols, as well as regulatory compliance. Audits, site visits and quality assessments on contractors and suppliers are conducted when appropriate to ensure our requirements are fully met.

### Contributing to Communities

KWIH is committed to making positive impacts through community engagement programmes in areas of arts and culture, youth development, and community empowerment. The Group co-sponsored the Hong Kong Palace Museum Volunteer Programme in nurturing talents for the heritage industry and arts and culture sector as well as to strengthen public appreciation for Chinese culture and heritage. The Group also supported the “Strive and Rise Programme” to help secondary school students in need, as well as arranged in

collaboration with the Tung Wah Group of Hospitals (“TWGHs”) for secondary school students under TWGHs to visit Shanghai Jiao Tong University to experience cutting-edge science and technology development. Furthermore, the Group launched a series of care activities for the needy and underprivileged groups to provide our society with a diverse range of support.

### COMPLIANCE STATUS WITH RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE BUSINESS

During the reporting year, there were no reported cases of non-compliance with relevant laws and regulations in Hong Kong and the Mainland regarding the environment, labour standards, occupational health and safety, anti-corruption or data privacy.



The “Strive and Rise Programme” brings together a number of employees from KWIH as mentors and secondary students, assisting those students from underprivileged families in building self-confidence and providing them with diverse learning opportunities.



KWIH supports the Hong Kong Palace Museum Volunteer Programme aiming to introduce Chinese arts and culture to young people and wider public through various perspectives, cultivating talent for the heritage industry.



Arranged by KWIH, secondary school students under TWGHs visit Shanghai Jiao Tong University to experience cutting-edge science and technology development.

## Investor Relations



KWIH is committed to maintaining transparent and ongoing dialogue with shareholders, investors and other stakeholders through its professional team, and accurately discloses its corporate information in a timely manner.

The Group discloses corporate information in compliance with relevant laws and regulatory policies to maintain highly transparent management. The Group reviewed during the reporting period the existing Shareholders' Communication Policy to ensure its suitability and effectiveness. The Group's corporate governance policies, press releases, financial reports and announcements are uploaded to the HKEXnews website and company website, which allow investors from around the world to access company updates, developments and business strategies as well as deepen their understanding of the Group to facilitate their investment decisions.

Shareholders and stakeholders can also make enquiries through emails and the forms on the website.

The Group's senior management and investor relations team maintain regular communication with shareholders, investors and stakeholders by proactively attending annual general meetings, briefing sessions on financial results, project site tours and investor relations roadshows, etc. and thus more investors can understand the business and investment values of the Group. Feedback collected from the activities was exchanged with directors and relevant management.

During the reporting period, KWIH received an array of awards from international and local institutions in recognition of its outstanding performance in investor relations.



**SIERRA  
NANJING**



**GRAND VICTORIA  
HONG KONG**

# Corporate Governance Report

As at 28 March 2024

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2023.

The objective of the management structure within the Group — headed by the Board and led by the Chairman — is to deliver sustainable value to the shareholders of the Company ("Shareholders"). To this end, good corporate governance plays a significant role.

The Board has applied the code provisions ("CPs") set out in the Corporate Governance Code ("CG Code") in Appendix C1 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("HK Stock Exchange") during the year.

## COMPANY CULTURE

KWIH recognises its mission to focus on customer needs and pursues the spirit of excellence with quality products and services to be provided by the Company. With vision, perseverance and teamwork, KWIH strives to provide the Shareholders with a decent return on their investment.

KWIH's core values, commitments, policies and codes as determined by the Board under the leadership of the Company's Chairman are vital in the Company's overall operation and brand building. The Company's corporate cultures and strategies are taken into consideration in determining the business model, mission and vision. Those values and principles are embedded throughout the Company's Code of Conduct, Whistleblowing Policy, Anti-Corruption Policy and other relevant policies which are communicated with the senior management and staff through the Staff Handbook, staff orientation, intranet, trainings, slogans and where appropriate.

As a people-oriented enterprise, KWIH's spirit of core values emanate from the interior to the exterior, which means the employees must apply the business principles and ethics, consistent with those expected by the Company, and regard the core values as the blueprint for and the indicator of their daily performance. The Board, with the management's support, is responsible for overseeing and monitoring the Company's operations executed in the way aligned with the Company's corporate cultures, and its mission and vision, value and strategy through evaluation of both qualitative and quantitative indicators such as financial performance, staff performance appraisals and turnover rate, whistleblowing data, employee surveys, breaches of code of conduct, and regulatory breaches, etc. Reports were made regularly to the Board for drawing insights into the Company's corporate culture.

The Company upholds the highest ethical standards and accountability throughout its operations and has an explicit zero-tolerance approach for any fraudulent or unethical conduct. All employees are required to follow the Code of Conduct which details the Company's compulsory requirements in respect of responsible business conduct. To ensure whistle-blowers having no concerns to report grievances without fear of reprisal, all cases are treated with strict confidence and submitted to designated personnel for further investigation.

## BOARD OF DIRECTORS

**The Board** Led by the Chairman, the Board as the highest governing body of the Company has the responsibilities for leadership and control of the Group (including but not limited to business, operation as well as environmental, social and governance ("ESG") risks and opportunities). The Board sets the strategies of the Group and approves the annual operating budget prepared and presented by the management for achieving the Group's strategic objectives.



## Corporate Governance Report

As at 28 March 2024

**Chairman and Managing Director** Dr. Lui Che-woo currently takes the roles of both the Chairman and the Managing Director of the Company. He leads the Board and oversees the day-to-day management of the Group. The Chairman has encouraged all the Directors, especially the non-executive Director (“NED”) and the independent non-executive Directors (“INEDs”) to express their opinion freely before proposing any resolutions for voting.

**Board Composition** The Board currently comprises 8 Board members: the Chairman and Managing Director, 3 other executive Directors (“EDs”), 1 NED and 3 INEDs; with one of the INEDs has accounting professional qualification. The number of INEDs exceeds one-third of the Board and complies with Rule 3.10A of the Listing Rules. The biographical details of the current Directors are set out on pages 51 to 54 of this annual report as well as on the website of the Company. The list of Directors with their roles and functions is also disclosed on the websites of the Company and Hong Kong Exchanges and Clearing Limited (“HKEx”) respectively.

The EDs are employees of the Company who carry out executive functions in addition to their duties as Directors. They are collectively responsible for promoting the success of the Company by directing strategic objectives, developing strategic plans and overseeing the day-to-day management of the Group’s business to ensure the efficient disposition of the Group’s resources for the achievement of the strategic objectives set by the Board.

The NED and INEDs are not employees of the Company and do not participate in the daily management of the Group’s business. The NED and INEDs bring external perspectives, constructively challenge and help develop proposals on strategies, scrutinize the management in meeting agreed goals and monitor performance reporting. Through their wealth of experience across a number of industries and business sectors, the NED and INEDs contribute valuable views and proposals for the Board’s deliberation and decisions.

**Board Diversity** The Board has one female Director out of eight Directors, and is committed to enhancing gender diversity as and when suitable candidates are identified. The diversity profile of the Board is set out on page 46 of this Corporate Governance Report.

As at 31 December 2023, the Group achieved a balanced gender diversity in the workforce and the gender ratio of male to female (including the senior management) is around 1:1.1. Details of the Group’s gender diversity at workforce level are set out in the Group’s 2023 Environmental, Social and Governance Report.

**Board Practices** In 2023, the Board held 5 Board meetings (including 4 regular Board meetings and 1 ad hoc Board meeting). The regular Board Meetings were held at approximately quarterly intervals and the dates of which had been scheduled at the beginning of the year. Notice of at least 14 days in advance was given for convening a regular Board meeting. The Directors actively participated in person, by phone or through other means of electronic communication in accordance with the Bye-laws of the Company at each Board meeting to consider and, if appropriate, approve the annual budget, if applicable, and to review the business progress against the budget. Matters requiring Board consents were approved by voting at the Board meetings where Board members acted collectively as a unit. The Chairman also encourages and allows all Directors to have sufficient time to raise questions on each agenda item during the meeting. Between scheduled Board meetings, routine/operational matters were considered and approved by the Board via the circulation of written resolutions with supporting materials, explanatory write-ups from the Company Secretary or briefings from the management where appropriate.

In addition to Board meetings, the Chairman also has regular gatherings with INEDs only without the presence of EDs and NED to consider issues concerning about the business and affairs of the Company in an informal setting. The INEDs are free to express their independent views to the Board.

The Company has a set of comprehensive induction materials for newly appointed Directors. The Company Secretary has regularly updated the Directors on compliance developments. All the Directors have access to the advice and services from the management and the Company Secretary with a view to ensuring that Board procedures, and applicable rules and regulations, are followed. There are also arrangements in place for providing continuous professional development training (including attendance at external forums or briefing sessions and delivering of speeches on the relevant topics) and relevant reading materials to the Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. There is satisfactory attendance at Board meetings, Board Committee meetings and the meetings between the Chairman and the INEDs and the general meeting during the year 2023. The Company receives notification from each Director on an annual basis a list showing the nature of offices he/she holds in other public listed companies and organizations and other significant commitments and also indication of the respective estimated time involved.

The Company has arranged appropriate directors' and officers' liability insurance cover in respect of potential legal actions against their risks and exposure arising from the Group's business and activities.

The NED and INEDs are either veteran professionals or businessmen who have brought not only a wide range of skills and experience to the Group but also independent judgment to bear on issues of strategy, performance, risk and people through their contributions at Board meetings and also at meetings of the audit committee ("Audit Committee"), the remuneration committee ("Remuneration Committee") and the nomination committee ("Nomination Committee") of the Company.

The Board has procedures in place to ensure that conflict of interest will be resolved in accordance with the spirit and requirement of CP C.5.7 of the CG Code of the Listing Rules. The Company assists the INEDs with professional advice (at the Company's expenses) and management briefings for them to arrive at their recommendations on matters involving conflict of interest.

**Supply and Access to Information** The Company Secretary circulates meeting agenda (with arrangements for Directors to include their own items if thought fit) and supporting papers to the Directors at least 3 days in advance of a Board meeting, and attends Board meetings to assist in the proceedings.

All the Directors have access to and open contact with the management for any information and are entitled to have access to board papers and related materials as they require for making informed decisions on matters placed before them. Assisted by the Company Secretary, the Chairman of the Board has ensured that the Directors have been properly briefed on issues arising at Board meetings and supplied with information and papers as promptly and fully as possible. The Directors have access to independent professional advice when it becomes necessary and also the services of the Company Secretary who has been regularly updating the Directors on governance and regulatory matters. The service of independent professional advice at the Company's expense is also available to the members of the Audit Committee, Remuneration Committee and Nomination Committee. The external auditor, PricewaterhouseCoopers ("PwC"), attended all the Audit Committee meetings as well as Board meetings convened for approving annual and interim results.

## Corporate Governance Report

As at 28 March 2024

The Company Secretary has kept all the minutes of the Board meetings, which together with supporting board papers, are available for all the Board members for inspection. These minutes recorded matters considered by the Board and views expressed by the Directors. Draft and final versions of these minutes are sent to all the Directors for their comments and records respectively, in both cases, within a reasonable time after each meeting.

Directors' attendance at Board meetings and other meetings in 2023 is as follows:

Name of Directors	Meetings attended/Eligible to attend				
	Board Meeting (5)	Audit Committee Meeting (2)	Remuneration Committee Meeting (1)	Nomination Committee Meeting (1)	Annual General Meeting (1)
<b>Executive Directors</b>					
Lui Che-woo ( <i>Chairman &amp; Managing Director</i> ) <sup>1</sup>	4/5*	N/A	1/1	1/1	1/1
Francis Lui Yiu Tung <sup>2</sup>	—*	N/A	N/A	N/A	—
Paddy Tang Lui Wai Yu <sup>3</sup>	4/5*	N/A	N/A	N/A	1/1
Alexander Lui Yiu Wah <sup>4</sup>	5/5*	N/A	N/A	N/A	1/1
<b>Non-executive Director</b>					
Moses Cheng Mo Chi	4/5*	1/2	N/A	N/A	—
<b>Independent Non-executive Directors</b>					
William Yip Shue Lam <sup>5</sup>	2/2	1/1	1/1	1/1	1/1
Wong Kwai Lam <sup>6</sup>	5/5	N/A	1/1	1/1	1/1
Nip Yun Wing <sup>7</sup>	5/5	2/2	N/A	N/A	1/1
Cheung Kin Sang <sup>8</sup>	3/4	1/1	N/A	N/A	1/1
<b>Average attendance rate</b>	78%	83%	100%	100%	78%

### Notes:

\* Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu did not attend the ad hoc Board meeting held on 23 August 2023 for approving the continuing connected transactions ("Meeting"), whereas Mr. Alexander Lui Yiu Wah and Dr. Moses Cheng Mo Chi did not participate in the discussion on all the business matters at the Meeting and had abstained from voting at the Meeting.

- Dr. Lui Che-woo is the father of Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah.
- Mr. Francis Lui Yiu Tung is the son of Dr. Lui Che-woo, the younger brother of Mrs. Paddy Tang Lui Wai Yu and the eldest brother of Mr. Alexander Lui Yiu Wah.
- Mrs. Paddy Tang Lui Wai Yu is the daughter of Dr. Lui Che-woo, the eldest sister of Mr. Francis Lui Yiu Tung and Mr. Alexander Lui Yiu Wah.
- Mr. Alexander Lui Yiu Wah is the son of Dr. Lui Che-woo, the youngest brother of Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu.
- Dr. William Yip Shue Lam retired from acting as an INED and ceased to act as the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee with effect from the conclusion of the 2023 annual general meeting of the Company held on 7 June 2023 ("2023 AGM").
- Mr. Wong Kwai Lam was appointed as the chairman of the Remuneration Committee with effect from the conclusion of the 2023 AGM.
- Mr. Nip Yun Wing was appointed as the chairman of the Audit Committee and a member of the Remuneration Committee with effect from the conclusion of the 2023 AGM.
- Mr. Cheung Kin Sang was appointed as an INED with effect from 1 April 2023 and a member of each of the Audit Committee and the Nomination Committee with effect from the conclusion of the 2023 AGM.

**Appointment, Re-election and Removal** All the NED and INEDs are appointed for a specified term of 3 years, subject to re-election by Shareholders at the annual general meeting of the Company.

In accordance with the Bye-laws of the Company, other than the Chairman and the Managing Director of the Company, one-third of the Board members for the time being (or the number nearest one-third) shall retire by rotation, and stand for re-election, at each annual general meeting of the Company. At the forthcoming 2024 annual general meeting (“2024 AGM”) of the Company, Mr. Alexander Lui Yiu Wah (ED), Dr. Moses Cheng Mo Chi (NED) and Mr. Nip Yun Wing (INED) will retire by rotation and, being eligible, have offered themselves for re-election.

Particulars of the said retiring Directors and the recommendation of the Board to the Shareholders to vote in favor of the resolutions that the said retiring Directors be re-elected, are set out in a circular of the Company published on the websites of the Company and HKEx respectively at the same time as this annual report is published.

**Board Independence** The Board recognises that board independence is of utmost importance and key to good corporate governance. The Company has established relevant mechanisms to ensure independent views and input are available to the Board and conducted review of such mechanisms on an annual basis.

The Board considers all of its INEDs independent in character and judgment as within the guidelines under Rule 3.13 of the Listing Rules. In reaching its determination, the Board has concluded that there are no relationships or circumstances that are likely to affect any INED’s judgment. In accordance with Rule 3.13 of the Listing Rules, each of Mr. Wong Kwai Lam, Mr. Nip Yun Wing and Mr. Cheung Kin Sang, the 3 INEDs who is determined by the Board as independent, has provided an annual written confirmation of his independence to the Company. Mr. Cheung Kin Sang, who was appointed as an INED with effect from 1 April 2023, had also provided a written confirmation of his independence to the Company pursuant to the aforesaid guidelines before the date of his appointment. The Company has identified its INEDs as such in all its corporate communications to the Shareholders.

**Directors’ Induction and Continuous Professional Development** All the Directors have participated in continuous professional development training (including attendance at external forums or briefing sessions, delivering of speeches and in-house seminars on the relevant topics) and have been provided with relevant reading materials to ensure they are apprised of the latest changes on the relevant applicable laws, rules and regulations to further strengthen their knowledge and skills on their roles, functions and duties. The Company from time to time provides written training materials and organises seminars for the Directors on the latest development of the Listing Rules, applicable laws, rules and regulations relating to the Directors’ duties and responsibilities.

During the year under review, the Company at its own expenses had provided the Directors with written training materials for regulatory updates and arranged in-house seminar sessions conducted by qualified professionals for the Directors and the management of the Company to attend.



## Corporate Governance Report

As at 28 March 2024

The Company has maintained records of the trainings provided for each Director on the following subjects, summarized as follows:

Members of the Board	Finance/economics
<b>Executive Directors</b>	
Lui Che-woo ( <i>Chairman &amp; Managing Director</i> )	√
Francis Lui Yiu Tung	√
Paddy Tang Lui Wai Yu	√
Alexander Lui Yiu Wah	√
<b>Non-executive Director</b>	
Moses Cheng Mo Chi	√
<b>Independent Non-executive Directors</b>	
William Yip Shue Lam (retired on 7 June 2023)	√
Wong Kwai Lam	√
Nip Yun Wing	√
Cheung Kin Sang (appointed with effect from 1 April 2023)	√

**Model Code for Securities Transactions by Directors** The Board has adopted a code for transactions in the Company's securities by Directors and their connected persons that complies with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 of the Listing Rules. Having made specific enquiry of all the Directors, each Director has confirmed that he or she has complied with the adopted code throughout the year ended 31 December 2023. The Company has also adopted written guidelines — on no less exacting terms than the Model Code — for transactions in the Company's securities by its certain employees.

Other than the continuing connected transactions as disclosed in the Report of the Directors, none of the Directors had, at any time during the year and up to the date of this Report or at the balance sheet date, a material interest, directly or indirectly, in any significant transaction, arrangement and contract of significance with the Company or any of its subsidiaries.

**Corporate Governance Functions** A policy for the Corporate Governance Policy including all the required terms of reference stated in CP A.2.1 of the CG Code was adopted by the Board on 22 March 2012 and is subject to review annually. The Board is primarily responsible for determining the policy for the corporate governance of the Company and performing the following corporate governance duties as required under the CG Code:

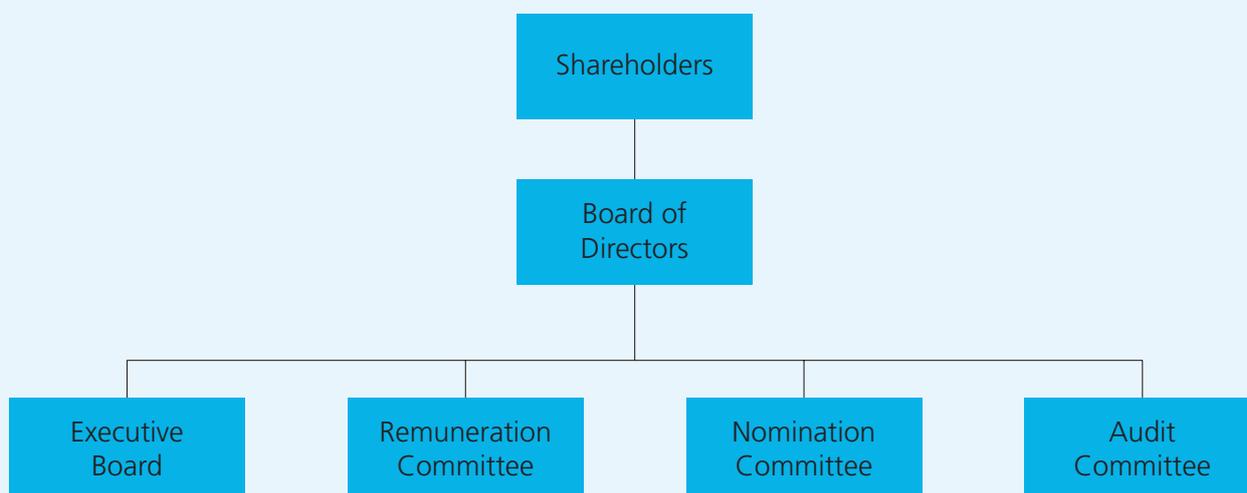
- To develop and review the Company's policies and practices on corporate governance and make recommendations;
- To review and monitor the training and continuous professional development of the Directors and the senior management;
- To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and the Directors of the Group; and

- To review the Group’s compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

During the year under review, the Board reviewed the Policy for Nomination of Directors (“Nomination Policy”), the Model Code, the Corporate Governance Policy, the Dividend Policy, the Shareholders Communication Policy and the amounts under the annual caps on continuing connected transactions of the Group, as well as the effectiveness and adequacy of the internal control and risk management systems (including ESG risks and opportunities) of the Company through the internal audit function and the Audit Committee. The Company has also established an internal policy on handling the confidential and inside information, and securities transactions for all employees of the Group in compliance with the requirements under Part XIVA of the Securities and Futures Ordinance when they are in possession of confidential and inside information in relation to the Group.

### DELEGATION BY THE BOARD

The Board has set up 4 committees, namely, the Executive Board, the Remuneration Committee, the Nomination Committee and the Audit Committee, to assist it in carrying out its responsibilities. The structure of which is as follows:



**Executive Board** Within the clear guidelines which it sets, the Board has delegated to an executive board (“Executive Board”) established by it, comprising all the EDs, authority to oversee the implementation of the Group’s strategy set by the Board, monitor the Group’s investment and trading performance as well as funding and finance requirements, and review management performance. The Board retains to itself authority on annual budgets and accounts, dividends, share capital, derivative transactions other than instruments incidental to its financing on normal and usual course of business, connected transactions and transactions requiring Shareholders’ approval, and certain financing, acquisitions, disposals and operation issues above predetermined thresholds.



## Corporate Governance Report

As at 28 March 2024

The Executive Board also meets regularly and operates as a general management committee under the direct authority of the Board. The Executive Board reports through the Chairman, who is also the Managing Director to the Board and circulates its resolutions and minutes of the Board or committees or general meetings to all the Directors on a quarterly basis. The Executive Board sub-delegates day-to-day administration details to the management committees charged with specific operation tasks under the leadership of the Executive Board. The management, pursuant to the level of authority formally approved by the Executive Board, submits written proposals with detailed analysis on financial and commercial aspects and recommendations to the Executive Board for consideration and approval. When the matter exceeds the authority of the Executive Board or relates to any matters specifically reserved to the Board, it shall be submitted to the Board for approval.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

**Remuneration Committee** The Remuneration Committee currently comprises 3 members as identified in the table on page 40 (Mr. Wong Kwai Lam, Dr. Lui Che-woo and Mr. Nip Yun Wing, who was appointed as a member with effect from 7 June 2023) and is chaired by Mr. Wong Kwai Lam, who is an INED and was appointed as the chairman with effect from 7 June 2023. Dr. William Yip Shue Lam ceased to act as the chairman of the Remuneration Committee with effect from 7 June 2023 following his retirement as an INED. The Company Secretary acts as the secretary of the Remuneration Committee, who has kept full minutes of the Remuneration Committee meetings with drafts and final versions being circulated to members for their comments and records respectively within a reasonable time after the relevant meetings.

The written terms of reference of the Remuneration Committee has been revised in December 2022 to include an ongoing responsibility to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The revised written terms of reference of the Remuneration Committee (in both English and Chinese versions) is available on the websites of the Company and HKEx respectively.

In accordance with its terms of reference, the Remuneration Committee:

- on 20 January 2023, reviewed and approved the 2022 year-end bonus paid to the EDs;
- on 15 March 2023, reviewed the level of Directors' fees for 2022 as well as the remuneration packages of the EDs (who also constituted senior management of the Company) for 2023; and
- on 13 March 2024, reviewed and approved the 2023 year-end bonus paid to the EDs; and reviewed the level of Directors' fees for 2023 as well as the remuneration packages of the EDs (who also constituted senior management of the Company) for 2024.

The Remuneration Committee's proposals on the EDs' remuneration packages and the Directors' fees for 2023 have been endorsed by the Board, and the proposed Directors' fees will be recommended for Shareholders' approval at the 2024 AGM. The Remuneration Committee had submitted its written report and/or recommendations to the Board after its meeting.

The Company's remuneration policy for the Directors is to reward the performance of, attract, and retain and motivate the Directors. The Remuneration Committee will, based on the Company's remuneration policy, take into consideration the Company's performance and profitability, the market pay-level for directors having comparable role and duties as well as the Directors' duties and responsibilities with the Company when determining the Directors' remuneration packages.

No Director had participated in the determination of his or her own remuneration.

Details of the Directors' emoluments and the Five Highest Pay Individuals of the Group for the year ended 31 December 2023 are set out in notes 12(a) and 13 to the audited consolidated financial statements of the Group for the year ended 31 December 2023 ("2023 Financial Statements") respectively.

**Nomination Committee** The Nomination Committee currently comprises 3 members as identified in the table on page 40 of whom 2 are INEDs (Mr. Wong Kwai Lam and Mr. Cheung Kin Sang, who was appointed as a member with effect from 7 June 2023) and is chaired by Dr. Lui Che-woo. Dr. William Yip Shue Lam ceased to act as a member of the Nomination Committee with effect from 7 June 2023 following his retirement as an INED. The Company Secretary acts as the secretary of the Nomination Committee, who has kept full minutes of the Nomination Committee meetings with drafts and final versions being circulated to members for their comments and records respectively within a reasonable time after the relevant meetings.

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually; making recommendations on any proposed changes to the Board in order to complement the Company's corporate strategies; identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; conducting assessment of the independence of each INED and the management of Board succession. In order to facilitate its functions for the nomination procedures and the process and the criteria to select and recommend candidates for directorship of the Company, the Nomination Policy had been adopted by the Board on 22 March 2012 and was revised in March 2013 and March 2019 to include the diversity of board members. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, ethnicity, reputation for integrity, cultural and educational background, professional experience, skills, knowledge and other qualities relevant to duties of the Directors. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board through the Nomination Committee annually reviews the implementation and effectiveness of the Company's policy on board diversity and the mechanisms to ensure independent views and input are available to the Board by consideration of the followings:

- ensuring the Board maintains a balance of skills, experience and diversity of perspective appropriate to the requirements of the business of the Group;
- maintaining a balanced composition of EDs and NEDs (including INEDs) on the Board so that independent judgment can effectively be achieved;
- Directors' access of independent professional advice to perform their own duties; and
- annual review of the Directors' time commitment to the Company to ensure each Director is able to spend sufficient time to perform his/her duties to the Company.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its continued effectiveness from time to time. The Nomination Committee is also responsible for assessing the independence of each INED to ensure they can continually exercise independent judgement and reviewing their annual confirmation on their independence. The written terms of reference of the Nomination Committee (in both English and Chinese versions) is available on the websites of the Company and HKEx respectively.

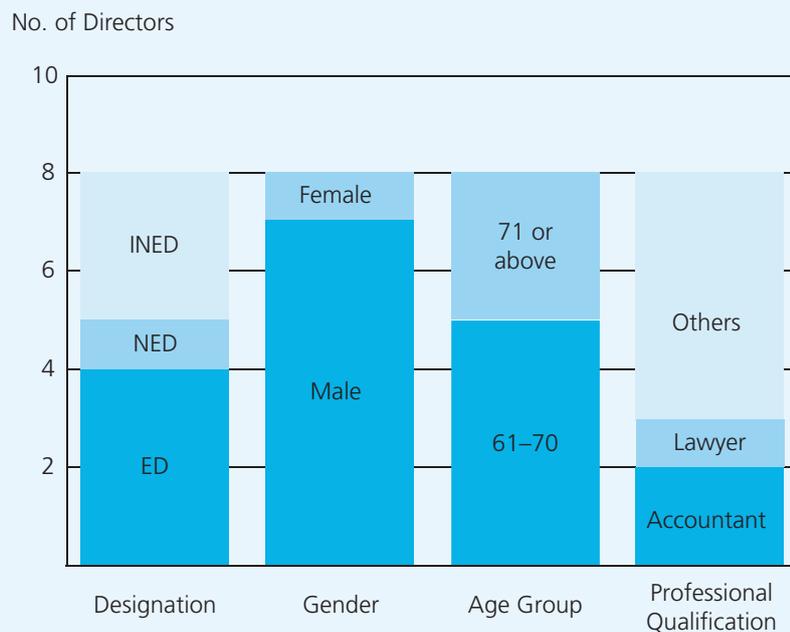


## Corporate Governance Report

As at 28 March 2024

In 2023, the Nomination Committee met once in March 2023 with all the members attended the said meeting. At the meeting held on 13 March 2024, the Nomination Committee reviewed the structure, size and composition of the Board (including the implementation and the effectiveness of the policy on board diversity); assessed the independence of all INEDs (including the review of mechanisms to ensure their independent views to reach the Board); and made recommendation to the Board on the retirement and re-appointment of Directors at the 2024 AGM. The Nomination Committee is satisfied with the independence of the Board and considers the aforesaid mechanisms remain effective. The Nomination Committee submitted its written report and/or recommendations to the Board after its meeting.

The diversity profile of the Board as at 28 March 2024 is as follows:



**Audit Committee** The Audit Committee is accountable to the Board and assists the Board to oversee the Company's financial reporting process and risk management (including ESG risks and opportunities) and internal control systems and to review the Group's interim and annual consolidated financial statements.

The Audit Committee currently comprises 1 NED (Dr. Moses Cheng Mo Chi) and 2 INEDs (Mr. Nip Yun Wing and Mr. Cheung Kin Sang, who was appointed as a member with effect from 7 June 2023), as identified in the table on page 40 and is chaired by Mr. Nip Yun Wing, who was appointed as the chairman with effect from 7 June 2023. Dr. William Yip Shue Lam ceased to act as the chairman of the Audit Committee with effect from 7 June 2023 following his retirement as an INED. The Company Secretary acts as the secretary of the Audit Committee, who has kept full minutes of the Audit Committee meetings with drafts and final versions being circulated to the members for their comment and records respectively within a reasonable time after the relevant meetings. Regular attendees at the Audit Committee meetings are the management of the Company responsible for the accounting and financial reporting function, head of the internal audit function, and the senior representatives of PwC as the external auditor.

In 2023, the Audit Committee met twice in March 2023 for reviewing the Group's 2022 annual results and financial statements and in August 2023 for reviewing the Group's 2023 interim results and financial statements. At the meeting on 13 March 2024, the Audit Committee reviewed the Group's annual results and financial statements for 2023, the effectiveness and adequacy of the risk management (including ESG risks) and internal control systems of the Group and the effectiveness of the Group's internal audit function. In each meeting, written reports and papers were received from PwC.

The written terms of reference of the Audit Committee has been revised in December 2015 to include an ongoing responsibility to oversee the Company's risk management system. The revised written terms of reference of the Audit Committee (in both English and Chinese versions) is available on the websites of the Company and HKEx respectively.

The Audit Committee was satisfied with the independence of PwC during the year and has recommended the Board to propose for the re-appointment of PwC as the external auditor of the Company at the 2024 AGM. An analysis of the fees for 2023 paid to external auditor appears in note 10 to the 2023 Financial Statements.

**Company Secretary** The Company Secretary is a full time employee of the Company, who reports to the Chairman and assists the Board in ensuring effective information flow among Board members and that the Board policy and procedures including those on corporate governance matters are followed. The Company Secretary had complied with Rule 3.29 of the Listing Rules during the year under review.

## AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

**Financial Reporting** The Board is accountable for the proper stewardship of the Group's affairs, and the Directors acknowledge their responsibility for preparing the financial statements of the Company in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and the applicable laws as well as the integrity of the financial information so reported. Such responsibility is extended to cover not only the annual and interim reports but also announcements and other financial disclosures of the Company required under the Listing Rules. The external auditor has a primary responsibility for auditing and reporting on the financial statements and the Independent Auditor's Report to the Shareholders is set out on pages 67 to 71 of this annual report.

The management of individual businesses within the Group provides the Directors with such information and explanations necessary to enable them to make an informed assessment of the financial and other information put before the Board for approval. Starting from April 2012, the Company had provided all the Directors with monthly management key updates giving a balanced, clear and understandable assessment of the Company's performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

The Group has adopted the going concern basis in preparing its financial statements.



## Corporate Governance Report

As at 28 March 2024

**Risk Management and Internal Control** The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems on an ongoing basis.

The Group has a clear organizational structure with well-defined responsibilities, reporting lines and authority limits and budgetary controls for managers of operating divisions. Policies and procedures are in place to effect all material controls, including financial, operational and compliance controls.

Risk management strategies have been established to help individual operating divisions manage material risks facing by the Group (including but not limited to business, operation and ESG risks) and support the Board in discharging its corporate governance responsibilities. Risk assessment exercise is performed through questionnaires and interviews with the senior executives and function heads to identify and evaluate significant risks of the Group and the results of which are reported to the Board for considering any risk mitigation actions and controls through the Audit Committee. Appropriate risk mitigation actions are being taken to manage and control individual risks identified.

The Board, through the Audit Committee, has reviewed the Group's risk management system annually and internal control system semi-annually which are designed to manage rather than eliminate the risk of failure (including ESG risks) to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board's review also considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit, financial reporting functions as well as those relating to the Group's ESG performance and reporting.

The Group's Internal Audit Department has been established to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management (including but not limited to business, operation and ESG risks) and internal control systems. Its audit work covers all material controls, including financial, operational and compliance controls.

The Chairman of the Audit Committee has open access to the head of Internal Audit Department. During the year 2023 and up to the date of the financial statements, there were no significant control failures or weaknesses, as the Internal Audit Department so reported to the Board through the Audit Committee.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board established a Shareholders Communication Policy in March 2012 and had it revised in March 2023 setting out the principles of the Company in relation to its communication with the Shareholders, with the objective of ensuring the effective and timely dissemination of information to Shareholders, investors and other stakeholders at all times. In addition to sending annual reports, interim reports, circulars and notices to the Shareholders, the Company also makes sure these materials, which contain extensive information about the Group's activities, are timely available for access by Shareholders on both the websites of the Company and HKEx. The Company's website at <http://www.kwih.com> is also an informative platform for investors and it contains a dedicated investor relations section offering timely and direct access to our financial reports, corporate announcements, press releases and other business information.

The Company has delegated its management specifically charged with investor relation functions. The Company responds to enquiries from Shareholders, investors and other stakeholders on matters relating to the business of the Group in an informative and timely manner. Every year, upon announcing results, the Company holds a press conference/issue press release (where appropriate) and briefings with the investment community, and the EDs also have dialogues with institutional investors and financial analysts. In between times, the Company organizes site visits and meetings for reserved analysts in order to provide them with a comprehensive knowledge of our projects.

The Company encourages its Shareholders to attend annual general meetings and all its other shareholders' meetings to get informed of its progress and highlights. The Company will monitor and review the process of the Company's general meetings regularly, and, if necessary, make changes to ensure that Shareholders' needs are best addressed and served. The Chairman of the Board and other Directors are available at these meetings to address Shareholders' questions. Separate resolution is proposed at general meetings of the Company on each substantially separate issue, including the election of individual directors. All the resolutions proposed at the 2023 AGM were passed by way of poll in compliance with the Rule 13.39(4) of the Listing Rules. The Chairman of the 2023 AGM had at the meeting ensured that an explanation was provided for the detailed procedures for conducting a poll. The Company's branch share registrar and transfer office in Hong Kong had acted as the scrutineer for the vote-taking at the 2023 AGM, the voting results of which had been announced by the Company in accordance with Rule 2.07C of the Listing Rules on the websites of the Company and HKEx respectively. The Company had sent the notice of 2023 AGM to the Shareholders at least twenty-one days before the 2023 AGM. The Chairman of the 2024 AGM (and chairman of any other shareholders' meetings) will ensure that any vote of Shareholders at the 2024 AGM (and any other shareholders' meetings) will be taken by poll in compliance with the said Rule 13.39(4) of the Listing Rules.

The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy of the Company during the year. With the above measures in place, the Shareholders Communication Policy of the Company is considered to have been effectively implemented.

## SHAREHOLDERS' RIGHTS

**Convening a special general meeting by Shareholders** Pursuant to the provisions of Section 74 of the Companies Act 1981 of Bermuda (as amended), a special general meeting may be convened by the Board of Directors upon requisition by any Shareholder(s) holding not less than one-tenth of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. The requisition must state the purposes of the meeting, and must be signed by the relevant Shareholder(s) and deposited at the principal place of business in Hong Kong of the Company. If the Board of Directors does not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the Shareholder(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

**Putting forward proposals at general meeting** A Shareholder shall make a written requisition to move a resolution at a general meeting to the Board of Directors or the Company Secretary of the Company at the principal place of business in Hong Kong of the Company, specifying the shareholding information of the Shareholder, his/her contact details and the proposal he/she intends to put forward at a general meeting regarding any specified transaction/business and its supporting documents.

**Proposal for election of Director** If a Shareholder intends to propose a person other than a retiring Director of the Company for election as Director, the procedures have been set out in the Company's website.



## Corporate Governance Report

As at 28 March 2024

**Enquiries to the Board** Shareholders may put forward their enquiries about the Company to the Board of Directors at the Company's principal place of business in Hong Kong or by email through the Investor Relations of the Company.

### CONSTITUTIONAL DOCUMENTS

At the 2023 AGM, a special resolution was duly passed by the Shareholders regarding adoption of a new set of Bye-laws of the Company in order to, among other things, conform to the core shareholder protection standards set out in Appendix 3 (now re-numbered as Appendix A1) to the Listing Rules.

The amendments brought about by the new Bye-laws of the Company are set out in the circular of the Company dated 27 April 2023.

The new Bye-laws of the Company was published on the websites of the Company and HKEx respectively on 7 June 2023.

### COMPLIANCE WITH APPENDIX C1 OF THE LISTING RULES

The Board and the management of the Company are committed to the principles of observing good corporate governance consistent with prudent management and enhancement of shareholders' value. The full Board is entrusted with the overall responsibility of developing and ensuring adherence to the Corporate Governance Policy and the Shareholders Communication Policy. The Company is committed to maintaining high standards of corporate governance and enhancing corporate transparency and accountability.

Throughout the year ended 31 December 2023, the Company had complied with the CPs set out in the CG Code in Appendix C1 to the Listing Rules, apart from the following CPs:

**CP B.2.2** — Given that the other Directors do retire by rotation in accordance with the Bye-laws of the Company and the Board considers that the Group is best served by not requiring the Chairman and the Managing Director of the Company to retire by rotation as his continuity in office is of considerable benefit to the Company and his leadership, vision and profound knowledge in the widespread geographical business of the Group is a valuable asset of the Company.

**CP C.2.1** — There was no separation of the roles of the Chairman and the Managing Director of the Company, both of the roles are currently undertaken by Dr. Lui Che-woo. The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible EDs. The Board found that the current management had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, all INEDs have contributed valuable views and proposals independently for the Board's deliberation and decisions.

### ENVIRONMENTAL AND SOCIAL MATTERS

The Company has complied with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix C2 of the Listing Rules for the financial year ended 31 December 2023 with details are set out in a separate Environmental, Social and Governance Report published on the websites of the Company (<http://www.kwih.com>) and of HKEx (<http://www.hkexnews.hk>) respectively at the same time as this annual report is published.

# Biographical Information of Directors

## EXECUTIVE DIRECTORS

**Dr. Lui Che-woo**, *GBM, MBE, JP, LLD, DSSc, DBA*, aged 94, the founder of the Group, has been the Chairman since June 1989 and is presently the Chairman and the Managing Director, a member of the remuneration committee (ceased to act as the chairman on 22 March 2012 but remains as a member) as well as the chairman of the nomination committee (appointed on 22 March 2012) of the Company. Dr. Lui is also the chairman and an executive director of Galaxy Entertainment Group Limited. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He has over 50 years' experience in quarrying, construction materials and property development. He was the Founding Chairman of the Institute of Quarrying in the UK (Hong Kong Branch) and the Chairman of the Tung Wah Group of Hospitals (1981 – 1982). Dr. Lui is also the Founding Chairman of The Federation of Hong Kong Hotel Owners, the President of Tsim Sha Tsui East Property Developers Association, the Founding President of Hong Kong – Guangdong Economic Development Association and an Honorary President of the 8th Committee of Hong Kong – Shanghai Economic Development Association. Dr. Lui was appointed as a member of Steering Committee on MICE (Meetings, Incentives, Conventions and Exhibitions) from 2007 to 2019. Furthermore, Dr. Lui was a member of the 9th National Committee of the Chinese People's Political Consultative Conference, a member of the Selection Committee for the First Government of the HKSAR and a member of the Election Committee of the HKSAR in 1996. Dr. Lui has been elected as a member of the Election Committee of the HKSAR in 2001, 2006, 2011 and 2016. In 1995, an asteroid discovered by the Purple Mountain Observatory of the Chinese Academy of Sciences was named "Lui Che Woo Star". Dr. Lui was presented the Outstanding Contribution Award in Guangzhou in 1996. Dr. Lui was awarded the Gold Bauhinia Star by the Government of the HKSAR in July 2005. Dr. Lui was also awarded the Grand Bauhinia Medal by the Government of the HKSAR in June 2012. Dr. Lui was awarded Business Person of the Year 2007 by DHL/SCMP Hong Kong Business Awards and the Lifetime Achievement Award by American Academy of Hospitality Sciences of 2007 respectively. Dr. Lui was presented the Diamond Award by Macau Tatler and the Lifetime Achievement Award by All Leaders Publication Group Limited, both in 2011. Dr. Lui was awarded Asia Pacific Entrepreneurship Awards 2012 – Lifetime Achievement Award by Enterprise Asia in 2012 and Lifetime Achievement Award by Golden Horse Award of China Hotel in 2013. Dr. Lui was presented the Outstanding Contribution Award at the International Gaming Awards, as well as Entrepreneur of the Year at The Asian Awards in 2014. Dr. Lui was awarded the Lifetime Achievement Award and the Outstanding Leadership in Social Responsibility Award by the World Travel Awards in 2015 and 2018 respectively. In 2019, Dr. Lui was awarded as one of the 20 Persons in 20 Years: the Most Valuable Persons of Macao's Tourism and Leisure Industry from 1999 to 2019 by the Macau University of Science and Technology. He was recognised as one of Asia's Most Influential by Tatler Asia from 2021 to 2023. Dr. Lui is also the Founder and Chairman of the Board of Governors cum Prize Council of the Lui Che Woo Prize – Prize for World Civilisation which established in Hong Kong in 2015 for promoting world civilization through sustainable development of the world, betterment of the welfare of mankind and promotion of positive life attitude and enhancement of positive energy. In addition, Dr. Lui is Honorary Trustee of Peking University, Founding Honorary Patron of The University of Hong Kong Foundation for Educational Development and Research, Member of the Board of Trustees of United College of the Chinese University of Hong Kong, Honorary Member of the Court of Hong Kong University of Science and Technology, Honorary Life Chairman of the Hong Kong Polytechnic University Foundation and Member of the Court of the Hong Kong Polytechnic University, Member of the Board of Directors of Fudan University and Life Honorary Chairman of Wuyi University Board of Trustees. Dr. Lui is the father of Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah.

**Mr. Francis Lui Yiu Tung**, aged 68, joined K. Wah group in 1979. He has been an executive Director of the Company since June 1989. Mr. Lui is also the deputy chairman and a member of each of the executive board, nomination committee and remuneration committee as well as the chairman of corporate governance committee of Galaxy Entertainment Group Limited. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He holds a Bachelor of Science degree in civil engineering and a Master of Science degree in structural engineering from the University of California at Berkeley, USA. Mr. Lui is a member of the 14th National Committee of the Chinese People's Political Consultative Conference, a member of the Chief Executive Election Committee of the HKSAR and a member of the Chief Executive Election Committee and Tourism Development Committee of Macau SAR. He is also a Vice-Chair of the Council of the Macao Institute for Tourism Studies, a director of the 71st Term of Macao Chamber of Commerce, an Honorary Chairman of the 22nd Term of Kiang Wu Hospital Charitable Association, a member of the 11th Standing Committee of the All-China Federation of Returned Overseas Chinese, an executive director of the Chamber of Tourism of the All-China Federation of Industry and Commerce, an Honorary President of the Greater Bay Area Finance Development Association, a Forever Honorary Chairman of the Association of Macau Travel Industry Professionals and Counsellor of Our Hong Kong Foundation. Mr. Lui was awarded the Medal of Merit – Tourism by Macau SAR in 2012. In 2021, Mr. Lui received the insignia of Officer of the Order of Arts and Letters from the French Government. He was also named the most influential person in the Asian Gaming Power 50 list for the seventh time in 2023. Furthermore, Mr. Lui is the Honorary Citizen of each of Guangzhou City, Shenzhen City and Jiangmen City. Mr. Lui is the son of Dr. Lui Che-woo, the younger brother of Mrs. Paddy Tang Lui Wai Yu and the eldest brother of Mr. Alexander Lui Yiu Wah.



## Biographical Information of Directors

**Mrs. Paddy Tang Lui Wai Yu, BBS, JP**, aged 70, joined K. Wah group in 1980 and has been an executive Director of the Company since June 1989. She is also an executive director of Galaxy Entertainment Group Limited. Save as disclosed herein, she has no previous directorships in other public listed companies in the last 3 years. She holds a Bachelor of Commerce degree from McGill University, Canada and is a member of The Institute of Chartered Accountants in England and Wales. Ms. Lui was elected as a member of the Shanghai Committee of the Chinese People's Political Consultative Conference from December 2012 to December 2022. She was appointed as a member of board of trustees of Shanghai Jiao Tong University on 30 October 2014. Ms. Lui was formerly a member of the Standing Committee on Company Law Reform, the Tourism Strategy Group, the Statistic Advisory Board, the Hong Kong Arts Development Council and the Board of Ocean Park Corporation and a non-executive director of the Mandatory Provident Fund Schemes Authority. Ms. Lui has been elected as a member of the Election Committee of the HKSAR since 1998. Ms. Lui is the daughter of Dr. Lui Che-woo and the eldest sister of Mr. Francis Lui Yiu Tung and Mr. Alexander Lui Yiu Wah.

**Mr. Alexander Lui Yiu Wah**, aged 61, joined K. Wah group in 1984 and is presently the Managing Director of Hong Kong Properties of the Group. He has been an executive Director of the Company since April 2010. Mr. Lui is also a director of several affiliated companies of the Group. Save as disclosed herein, he has no previous directorships in other publicly listed companies in the last 3 years. He holds a Bachelor of Science in Industrial and Systems Engineering from the University of Southern California, USA. Mr. Lui was a committee member of the Guangdong Provincial Committee of the 11th and 12th Chinese People's Political Consultative Conference and has been again elected as a committee member of the Guangdong Provincial Committee of the 13th Chinese People's Political Consultative Conference in 2023. Mr. Lui was appointed as the vice president of the Guangdong General Chamber of Commerce in 2017. He was reappointed as the vice-chairman of the Guangdong Federation of Industry & Commerce in 2022. In 2024, Mr. Lui was appointed as the honorable chairman of the International Bay Area Schools Alliance. In October 2017, he was appointed as the honorary advisor of the Guangdong – Hong Kong – Macau Greater Bay Area Youth Association. In 2023, Mr. Lui has been reappointed as the vice-chairman of the 8th Board of Directors of the Guangdong Overseas Friendship Association, the managing vice-chairman of the 12th Board of Directors of the Guangzhou Foreign Investment Enterprises Chamber of Commerce, and the vice-chairman of the 7th Board of Directors of Guangzhou Overseas Friendship-Liaison Association. He was appointed as the honorary advisor of Hengqin Free Trade Zone (Hong Kong) Representative Office in 2018. In 2023, Mr. Lui was appointed as the honorable president of the 7th Board of Directors of the Jiangmen Association of Enterprises with Foreign Investment and the vice-chairman of the 7th Board of Directors of Xinhui Overseas Friendship Association. In December 2017, he was awarded the honorable president of the 1st Council of Pengjiang Overseas Youth Association. Mr. Lui has been appointed as the honorary chairman of the 3rd Members Association of Xinhui District Daze Town in December 2019. Mr. Lui has been a member of the board of directors of The Real Estate Developers Association of Hong Kong since 1999. He was appointed as a member of the Court of the City University of Hong Kong in 2024. He has been appointed as a member of the HKTDC Infrastructure Development Advisory Committee in 2023 and the First Vice-President of The Hong Kong Real Property Federation in 2021. Mr. Lui was appointed as a member of the Hong Kong CPPCC (Provincial) Members Association Limited in April 2013 and is now the honorary director. Mr. Lui has been appointed as a director of the 3rd and 4th Board of Directors of the Association of The Hong Kong Members of Guangdong's Chinese People's Political Consultative Conference Committees. He has been appointed as the honorable president of the Hong Kong Guangdong Chamber of Foreign Investors in 2023. Mr. Lui is the honorary vice president of the Federation of Hong Kong Guangdong Community Organisations and was appointed as the vice president in July 2017. Mr. Lui was appointed as the managing vice-chairman of the 1st and 2nd Board of Directors of Hong Kong Guangdong Youth Association and has been appointed as the honorary counsellor of its 3rd Board of Directors in October 2022. Mr. Lui was appointed as the executive vice-chairman of the 3rd Hong Kong Guang Fo Zhao Fraternity in 2010. In 2024, Mr. Lui was appointed as the managing vice-president of the 4th Executive Committee of the Hong Kong Federation of Guangzhou Associations. He was also appointed as the honorary president of the GMC Hong Kong Members Association in November 2018. In December 2022, Mr. Lui was appointed as the Youth of Guangzhou and Hong Kong Association consultant. Mr. Lui is the son of Dr. Lui Che-woo, the youngest brother of Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu.

## NON-EXECUTIVE DIRECTOR

**Dr. Moses Cheng Mo Chi**, *GBM, GBS, OBE, JP*, aged 74, has been a non-executive Director of the Company since August 2009. He has been appointed as a member of the audit committee of the Company with effect from 31 July 2015. Dr. Cheng is a practising solicitor and a senior consultant of Messrs. P.C. Woo & Co., a Hong Kong firm of solicitors, after serving as its senior partner from 1994 to 2015 and as its consultant from 2016 to January 2023. He was also the founding chairman of The Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. Dr. Cheng was a member of the Legislative Council of Hong Kong and the chairmen of the Insurance Authority, the Main Board Listing Committee and the Growth Enterprise Market Listing Committee of the HK Stock Exchange and a remuneration committee member of The Financial Reporting Council in Hong Kong. He has been appointed as a non-official member of the Executive Council of the HKSAR with effect from 1 July 2022. Dr. Cheng is currently an independent non-executive director of Guangdong Investment Limited, Liu Chong Hing Investment Limited, The Hong Kong and China Gas Company Limited and Towngas Smart Energy Company Limited, all being public listed companies on the Main Board of the HK Stock Exchange. He is also a non-executive director of Tian An China Investments Company Limited (a public listed company on the Main Board of the HK Stock Exchange). Dr. Cheng had retired as an independent non-executive director of China Mobile Limited and China Resources Beer (Holdings) Company Limited (both are public listed companies on the Main Board of the HK Stock Exchange) with effect from 18 May 2022 and 21 June 2022 respectively. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. Dr. Cheng was awarded the Grand Bauhinia Medal by the Government of the HKSAR in July 2016.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Wong Kwai Lam**, aged 74, has been appointed as an independent non-executive Director since August 2011 and a member of the nomination committee of the Company since March 2012. He had been appointed as a member of the remuneration committee since August 2011 and was appointed as the chairman of the remuneration committee of the Company with effect from 7 June 2023. Mr. Wong obtained a degree of Bachelor of Arts from The Chinese University of Hong Kong (“CUHK”) in 1972 and a Ph. D from Leicester University, England in 1977. He has over 30 years of experience in the commercial and investment banking industry. He worked with Merrill Lynch (Asia Pacific) Limited (“Merrill Lynch”) from May 1993 to August 2009 where he served as a managing director in the Asia investment banking division since January 1995. Mr. Wong was appointed as a senior client advisor to Merrill Lynch in September 2009 and served in that position for one year. In his 17 years of experience in various senior positions with Merrill Lynch, Mr. Wong’s responsibilities included, among others, managing the overall business of its Asia investment banking division from March 2003 to May 2005. Prior to joining Merrill Lynch, Mr. Wong had been a director in the investment banking division of CS First Boston (Hong Kong) Limited and a director and the head of primary market in Standard Chartered Asia Limited. Mr. Wong is currently the chairman of IncitAdv Consultants Limited. Mr. Wong has been appointed as a member of the investment sub-committee and a vice chairman of the Board of Trustees of New Asia College of CUHK. He was appointed as a member of the Advisory Board of Continuing and Professional Studies of CUHK with effect from August 2017. Mr. Wong is an independent non-executive director, a member of the audit committee and designated (finance) committee and the chairman of the nomination committee of ARA Asset Management (Prosperity) Limited as the manager of Prosperity Real Estate Investment Trust (a publicly-listed company on the Main Board of the HK Stock Exchange). In April 2013, Mr. Wong was also appointed as an independent non-executive director of Langham Hospitality Investments and Langham Hospitality Investments Limited (“LHIL”) (a publicly-listed company on the Main Board of the HK Stock Exchange) and LHIL Manager Limited (“LHIL Manager”) which is the trustee-manager of Langham Hospitality Investments. Mr. Wong is the chairman of the audit committees of LHIL and LHIL Manager, and a member of the remuneration committee and nomination committee of LHIL. In December 2015, Mr. Wong has been appointed as an independent non-executive director of both Hutchison Port Holdings Trust (“HPH Trust”) (a company listed in Singapore) and Hutchison Port Holdings Management Pte. Limited (as the trustee-manager of HPH Trust) (“HPH Management”). He has been serving as the chairman of the nominating committee of HPH Management since April 2022. In April 2023, he has also been appointed as the Lead Independent Director, the chairman of the audit committee and a member of the remuneration committee of HPH Management. He has been appointed as an independent non-executive director and a member of the audit committee and the remuneration committee of CK Hutchison Holdings Limited (a publicly-listed company on the Main Board of the HK Stock Exchange) in May 2020 and has been appointed as the chairman of its audit committee in August 2022; and he served as a member of its nomination committee from May to November 2020. In addition, Mr. Wong has been appointed as a director of CUHK Medical Centre Limited effective in February 2016. Mr. Wong has also been appointed as the chairman and director of Hong Kong Grand Opera Company Limited in August 2019. Mr. Wong was appointed as the Chairman of the Chamber



## Biographical Information of Directors

of Hong Kong Listed Companies from 4 June 2019 to 29 June 2021 and has been appointed as its advisor in September 2021. He was formerly a member of the Advisory Committee to the Securities and Futures Commission in Hong Kong, a member of the Real Estate Investment Trust (REIT) Committee of the Securities and Futures Commission in Hong Kong and a member of the China Committee to the Hong Kong Trade Development Council. Mr. Wong has ceased as an independent non-executive director and chairman of the remuneration and appraisal committee and a member of the audit committee of China Merchants Bank Co., Ltd. (a public listed company on the Main Board of the HK Stock Exchange and The Shanghai Stock Exchange) on 30 November 2018. He has ceased as a director and the chairman of Opera Hong Kong Limited on 14 March 2019. He has ceased as a member of the Hospital Governing Committee of The Prince of Wales Hospital, Hong Kong on 31 March 2021. Save as disclosed herein, he has no previous directorships in other publicly-listed companies in the last 3 years.

**Mr. Nip Yun Wing**, aged 70, has been appointed as an independent non-executive Director of the Company since July 2019. He was appointed as a member of the audit committee of the Company with effect from 1 March 2020 and the chairman of the audit committee of the Company and a member of the remuneration committee of the Company with effect from 7 June 2023. Mr. Nip holds a Master of Business Administration degree from The Chinese University of Hong Kong and is a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Nip has extensive experience in corporate finance, investment and management. He was an executive director and chief financial officer of China Overseas Land & Investment Limited (Stock Code: 00688) from 17 August 2009 and retired on 3 April 2018. Mr. Nip ceased as an independent non-executive director, the chairman and a member of the audit committee and a member of the nomination committee of Shenzhen International Holdings Limited (Stock Code: 00152) with effect from 12 June 2020. Both companies are public listed companies on the Main Board of the HK Stock Exchange. He has been appointed as a member of the Hospital Governing Committee of Tai Po Hospital with effect from 1 April 2024. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years.

**Mr. Cheung Kin Sang**, aged 65, has been appointed as an independent non-executive Director of the Company since 1 April 2023. He was appointed as a member of each of the audit committee and the nomination committee of the Company with effect from 7 June 2023. Mr. Cheung holds a Bachelor of Social Sciences Degree in Economics from The University of Hong Kong. He has over 40 years of corporate and commercial banking experience with diversified industry, product and institutional exposure. Mr. Cheung worked with DBS Bank Ltd, Hong Kong Branch/DBS Bank (Hong Kong) Limited ("Bank") from July 2009 to December 2022 where he served as the managing director and the head of institutional banking group in Hong Kong from June 2011 until his retirement in December 2022. He was also the alternate chief executive of DBS Bank (Hong Kong) Limited from December 2012 to December 2022. Mr. Cheung had been working for over 13 years in the Bank, during which, he was responsible for growing the Bank's franchise in the corporate and commercial banking businesses in Hong Kong. Prior to joining the Bank, he was the regional general manager of North East Asia and the general manager of Hong Kong Branch of OCBC Bank. Prior to such appointments, Mr. Cheung held senior positions in corporate commercial banking and risk management with major international banks including Citibank, ABN-AMRO and Rabobank. Currently, Mr. Cheung is the chairman of the Board of Governors of World Green Organisation, a member of The Hong Kong Academy of Finance and a member of the Advisory Committee on Accounting and Finance of The Hong Kong Polytechnic University. He was a member of the Advisory Board and the Investment Committee to Hong Kong Export Credit Insurance Corporation from January 2011 to December 2016 and a member of Industry Training Advisory Committee of the Hong Kong Qualifications Framework for the banking industry from January 2021 to December 2023. Mr. Cheung has been appointed as an independent non-executive director and a member of the audit committee, the remuneration committee, the nomination committee and the environmental, social and governance committee of Yuexiu Property Company Limited (a public listed company on the Main Board of the HK Stock Exchange) since 21 April 2023. He has been appointed as an independent non-executive director and a member of the Risk Management and Compliance Committee of Dah Sing Bank, Limited with effect from 1 January 2024. He has also been appointed as an independent non-executive director of Dah Sing Banking Group Limited (a public listed company on the Main Board of the HK Stock Exchange) with effect from 2 January 2024. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years.

## SENIOR MANAGEMENT

Assisted by head of departments, the executive Directors are under the direct responsibilities for the business and operations of the Group and the executive Directors are therefore regarded as the senior management of the Company.

# Report of the Directors

The Directors have pleasure in presenting to the shareholders of the Company (“Shareholders”) their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 (“2023 Financial Statements”).

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Our principal subsidiaries, joint ventures and associated companies are primarily engaged in property development and property investment in Hong Kong and the Mainland, and their activities are set out in note 42 to the 2023 Financial Statements.

Further discussion and analysis of these activities, including a fair review of the Group’s business and a discussion of the principal risks and uncertainties facing by the Group, particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2023, and an indication of likely future development in the Group’s business, can be founded in the sections headed “Five Years Summary”, “Statement from the Chairman”, “Management Discussion and Analysis”, “Environmental, Social and Governance Policies”, “Investor Relations” and “Corporate Governance Report” of this annual report as well as the Environmental, Social and Governance Report available on the websites of both Hong Kong Exchanges and Clearing Limited and the Company. The above sections form part of this Report of the Directors.

## RESULTS AND APPROPRIATIONS

The 2023 Financial Statements on pages 72 to 142 of this annual report set out the results of the Group for the year ended 31 December 2023.

An interim cash dividend of HK\$0.07 per ordinary share of the Company (“Share”) was paid during the year. The Board recommends the payment of a final scrip dividend (with a cash option) of HK\$0.09 per Share. Together with the interim dividend paid, the total dividends per Share for the year amount to HK\$0.16 (2022: HK\$0.21 per Share). Details of dividends are set out in note 16 to the 2023 Financial Statements.

## DIVIDEND POLICY

The Board had adopted a dividend policy on 20 March 2019 that, in deciding whether to propose a dividend and the amount, if applicable, the Board shall take into account (i) the Group’s actual and expected operating results; (ii) the Group’s working capital requirements and future investment opportunities; (iii) the Group’s financial and liquidity position; (iv) any statutory and contractual restrictions on payment of dividends; and (v) any other factors that the Board considers relevant.

## SHARES ISSUED

Note 29 to the 2023 Financial Statements contains details of the shares issued by the Company and there was no change in issued share capital of the Company during the year.

## DEALINGS IN LISTED SECURITIES

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

## EQUITY-LINKED AGREEMENTS

Save for the share option schemes described below, the Group has not entered into any equity-linked agreements during the year.



### DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2023, calculated under Companies Act 1981 of Bermuda, amounted to HK\$2,401,231,000 (2022: HK\$2,048,988,000).

### DONATIONS

During the year, the Group made charitable donations amounting to HK\$26,493,000 (2022: HK\$8,785,000).

### SIGNIFICANT PROPERTIES

Details of the significant properties held by the Group as at 31 December 2023 for investment and development purposes are set out on pages 143 to 144 of this annual report.

### DIRECTORS

The Directors of the Company who served during the year and up to the date of this Report of the Directors were Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu, Mr. Alexander Lui Yiu Wah, Dr. Moses Cheng Mo Chi, Mr. Wong Kwai Lam, Mr. Nip Yun Wing, Mr. Cheung Kin Sang (appointed with effect from 1 April 2023) and Dr. William Yip Shue Lam (retired on 7 June 2023).

Biographical details of the current Directors are set out on pages 51 to 54 of this annual report.

In accordance with Bye-law 109(A) of the Bye-laws of the Company, Mr. Alexander Lui Yiu Wah, Dr. Moses Cheng Mo Chi and Mr. Nip Yun Wing will retire by rotation at the forthcoming 2024 annual general meeting of the Company ("2024 AGM") and, being eligible, have offered themselves for re-election at the 2024 AGM.

None of the Directors proposed for re-election has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Subject to the approval of Shareholders at the 2024 AGM, the following fees in respect of the year ended 31 December 2023 will be paid to the Directors:

	<b>Chairman HK\$</b>	<b>Member HK\$</b>
Board	232,000	200,000
Audit Committee	146,000	125,000
Remuneration Committee	60,000	50,000
Nomination Committee	60,000	50,000

## DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company (including executive Directors, non-executive Director (“NED”) and independent non-executive Directors (“INEDs”)) on a named basis are set out in note 12(a) to the 2023 Financial Statements.

Directors' emoluments are determined by reference to their duties and responsibilities with the Company, the Company's performance and profitability based on the Company's remuneration policy and referencing the market pay-level for directors having comparable role and duties.

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors and officers is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate directors' and officers' liability insurance cover in respect of potential legal actions against their risks and exposure arising from the Group's business and activities.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in this Report of the Directors, no other significant transactions, arrangements and contracts of significance in relation to the Group's business, to which the Company or its subsidiaries was a party and in which a Director or his or her connected entity has or had a material beneficial interest, whether directly or indirectly, subsisted as at 31 December 2023 or at any time during the year.

## DIRECTORS' INTERESTS IN SECURITIES AND UNDERLYING SHARES

As of 31 December 2023, the interests and short positions of each Director in the Shares, underlying Shares and debentures of the Company or any of its specified undertakings or its other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), if any, and the details of any right to subscribe for Shares and of the exercise of such rights, as required to be notified to the Company and The Stock Exchange of Hong Kong Limited (“HK Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise required to be notified to the Company and the HK Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Rules Governing the Listing of Securities (“Listing Rules”) on the HK Stock Exchange, were as follows:

### (A) Ordinary Shares

Name of Directors	Number of Shares (including Underlying Shares) Held					Approximate % of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	
Lui Che-woo	28,105,941	8,317,120 <sup>(1)</sup>	334,612,213 <sup>(2)</sup>	1,681,776,769 <sup>(3)</sup>	2,052,812,043	65.52
Francis Lui Yiu Tung	9,838,035	–	–	1,681,776,769 <sup>(3)</sup>	1,691,614,804	54.00
Paddy Tang Lui Wai Yu	24,557,605	–	210,000 <sup>(4)</sup>	1,681,776,769 <sup>(3)</sup>	1,706,544,374	54.47
Alexander Lui Yiu Wah	14,951,428	–	4,005,183 <sup>(5)</sup>	1,681,776,769 <sup>(3)</sup>	1,700,733,380	54.29
Moses Cheng Mo Chi	689,175	–	–	–	689,175	0.02
Wong Kwai Lam	880,000	–	–	–	880,000	0.03
Nip Yun Wing	160,000	–	–	–	160,000	0.01
Cheung Kin Sang	–	–	–	–	–	–

Unless otherwise stated, all personal interests stated above were held by the respective Directors in the capacity of beneficial owners.



## Report of the Directors

### Notes:

- (1) Dr. Lui Che-woo is deemed to be interested in 8,317,120 Shares through the interests of his spouse.
- (2) Such Shares are held by companies which are controlled by Dr. Lui Che-woo.
- (3) Such interests in the Shares are indirectly held by a company which is the trustee of a discretionary family trust established by Dr. Lui Che-woo as the settlor. Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah are deemed to be interested in those Shares by virtue of being the discretionary beneficiaries of the discretionary family trust.
- (4) Such Shares are held by a company controlled by Mrs. Paddy Tang Lui Wai Yu.
- (5) Such Shares are held by a company controlled by Mr. Alexander Lui Yiu Wah.

### (B) Underlying Shares – Share Options

Details are set out in the SHARE OPTION SCHEMES section below.

All the interests stated above represent long positions.

Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah, by virtue of their deemed interests in the Shares as described in Note (3) above and as Directors of the Company, are deemed to be interested in the issued share capital of every subsidiary, joint venture and associated company of the Company held through the Company under the provision of the SFO.

Save as disclosed above, as of 31 December 2023, none of the Directors had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its specified undertakings or its other associated corporations (within the meaning of Part XV of the SFO).

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of 31 December 2023, the interests of every person (not being a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company and the HK Stock Exchange were as follows:

Name of Shareholders	Capacity	Number of Shares Held (Long Position)	Approximate % of Issued Share Capital
HSBC International Trustee Limited <sup>(1)</sup>	Trustee	1,683,018,737	53.72
CWL Assets (PTC) Limited	Trustee	1,681,776,769	53.68
Super Focus Company Limited	Beneficial owner	1,120,247,673	35.76
Star II Limited	Interest of controlled corporation	264,752,460	8.45
Favor Right Investments Limited	Beneficial owner	229,857,444	7.34
Lui Che Woo Foundation Limited	Beneficial owner	206,285,639	6.58
Premium Capital Profits Limited	Beneficial owner	184,229,079	5.88

### Note:

- (1) HSBC International Trustee Limited is the trustee of a trust established by Dr. Lui Che-woo as the settlor, was interested in 1,681,776,769 Shares of the Company.

There was duplication of interests of 1,681,776,769 Shares among Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu, Mr. Alexander Lui Yiu Wah, HSBC International Trustee Limited and CWL Assets (PTC) Limited. Of these Shares, 1,120,247,673 Shares were interested by Super Focus Company Limited, 66,919,192 Shares were interested by Best Chance Investments Ltd., 229,857,444 Shares were interested by Favor Right Investments Limited, 184,229,079 Shares were interested between Premium Capital Profits Limited and Star II Limited and 80,523,381 Shares were interested between Mark Liaison Limited and Star II Limited.

Save as disclosed above, as of 31 December 2023 the Company had not been notified by any persons who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## SHARE OPTION SCHEMES

The existing share option scheme of the Company ("2021 Share Option Scheme") was approved and adopted by the Shareholders at its annual general meeting held on 9 June 2021 in replacement of the share option scheme of the Company adopted on 20 June 2011 ("2011 Share Option Scheme") to the effect that no further options of the Company shall be offered or granted under the 2011 Share Option Scheme, but the options which had already been granted and remain outstanding shall continue to be valid and exercisable in accordance with their terms of issue.

Both of the 2021 Share Option Scheme and the 2011 Share Option Scheme fall within the ambit of, and are subject to the regulations under Chapter 17 of the Listing Rules.

A summary of the 2021 Share Option Scheme is set out below:

### (1) Purposes

- (i) to attract and retain the best quality personnel for the development of the Company's businesses;
- (ii) to provide additional incentives to employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and
- (iii) to promote the long term financial success of the Company by aligning the interests of option holders to Shareholders.

### (2) Participants

- (i) any person employed (on a full-time or part-time basis) by the Company or any affiliate and any person who is a senior executive or director (whether executive or non-executive) of the Company or any affiliate; or
- (ii) any consultants, agents, representatives or advisers of the Company or any affiliate; or
- (iii) any persons who provide goods or services to the Company or any affiliate; or
- (iv) other participants as detailed in the 2021 Share Option Scheme.

"Affiliate" means any company which is (a) a holding company of the Company; or (b) a subsidiary of a holding company of the Company; or (c) a subsidiary of the Company; or (d) a controlling shareholder of the Company; or (e) a company controlled by a controlling shareholder of the Company; or (f) a company controlled by the Company; or (g) an associated company of a holding company of the Company; or (h) an associated company of the Company.



**(3) Total number of Shares available for issue**

Mandate Limit – Subject to the paragraph below, the total number of Shares which may be issued upon exercise of all options to be granted under the 2021 Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as of 9 June 2021, being 312,697,461 Shares.

Overriding Limit – The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit as referred to in the above paragraph provided that the Company shall issue a circular in accordance with and containing such information as required under the Listing Rules to the Shareholders before such approval is sought. The overriding limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time.

As of the date of this annual report, no option was granted under the 2021 Share Option Scheme since its adoption on 9 June 2021. The total number of Shares available for issue under the 2021 Share Option Scheme was 312,697,461, which represented approximately 9.98% of the issued share capital of the Company on that date.

**(4) Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of options (including both exercised and outstanding options) in any 12-month period granted to each participant must not exceed 1% of the Shares in issue. However, subject to separate approval by the Shareholders in general meeting with the relevant participant and his close associates (as defined in the Listing Rules) abstaining from voting and provided that the Company shall issue a circular in accordance with and containing such information as required under the Listing Rules to Shareholders before such approval is sought, the Company may grant a participant options which would exceed the aforesaid limit.

**(5) Option period**

The period during which an option may be exercised as determined by the Board in its absolute discretion at the time of grant, save that such period must not exceed 10 years from the date of grant of the relevant option.

**(6) Minimum period for which an option must be held before it is vested**

The minimum period, if any, for which an option must be held before it is vested shall be determined by the Board in its absolute discretion.

**(7) Payment on acceptance of the option**

HK\$1.00 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 14 days from the date of offer (or such longer period as the Board may specify in writing).

#### **(8) Basis of determining the subscription price**

The subscription price shall be determined by the Board in its absolute discretion at the time of grant of the relevant option but shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the HK Stock Exchange's daily quotation sheet on the date of grant;
- (ii) the average closing price of the Shares as stated in the HK Stock Exchange's daily quotation sheet for the five (5) business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

#### **(9) Effects of re-organisation of capital structure**

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of a capitalization of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation or subdivision of shares or reduction of capital, such corresponding alterations (if any) shall be made to: (a) the number and/or nominal amount of Shares subject to the option so far as unexercised; and/or (b) the subscription price; and/or (c) the maximum number of Shares subject to the 2021 Share Option Scheme, as the auditors for the time being the Company shall certify in writing to the Board to be in their opinion fair and reasonable (except in the case of a capitalization issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any option holder is entitled to subscribe pursuant to the options held by him.

#### **(10) The remaining life of the 2021 Share Option Scheme**

The life span of the 2021 Share Option Scheme is 10 years commencing from 9 June 2021 and will expire on 8 June 2031.

Except for the number of the options that may be granted and the expiry date of the 2021 Share Option Scheme, the terms of the 2021 Share Option Scheme and the 2011 Share Option Scheme are the same in all material aspects. A summary of those terms applicable to the outstanding share options of 2011 Share Option Scheme has been disclosed in the Company's 2020 Annual Report.

No option was granted under the 2021 Share Option Scheme since its adoption on 9 June 2021. Accordingly, as at 31 December 2023, there was no option outstanding under the 2021 Share Option Scheme.

As at 1 January 2023 and 31 December 2023, the number of the options available for grant under the Mandate Limit are 312,697,461.



## Report of the Directors

Particulars of the movement of the options under the 2011 Share Option Scheme during the year ended 31 December 2023, were as follows:

Name or category of participants	Date of grant	Number of options			Exercise price per Share (HK\$)	Exercise period
		Held at 1 January 2023	Lapsed during the year	Held at 31 December 2023		
<b>Directors</b>						
Lui Che-woo	17 Jul 2017	2,900,000	2,900,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	3,000,000	–	3,000,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	3,100,000	–	3,100,000	3.462	15 Jul 2021–14 Jul 2026
Francis Lui Yiu Tung	17 Jul 2017	1,300,000	1,300,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	1,300,000	–	1,300,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	1,300,000	–	1,300,000	3.462	15 Jul 2021–14 Jul 2026
Paddy Tang Lui Wai Yu	17 Jul 2017	2,900,000	2,900,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	3,000,000	–	3,000,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	3,100,000	–	3,100,000	3.462	15 Jul 2021–14 Jul 2026
Alexander Lui Yiu Wah	17 Jul 2017	2,900,000	2,900,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	3,000,000	–	3,000,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	3,100,000	–	3,100,000	3.462	15 Jul 2021–14 Jul 2026
Moses Cheng Mo Chi	17 Jul 2017	160,000	160,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	160,000	–	160,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	160,000	–	160,000	3.462	15 Jul 2021–14 Jul 2026
Wong Kwai Lam	17 Jul 2017	160,000	160,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	160,000	–	160,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	160,000	–	160,000	3.462	15 Jul 2021–14 Jul 2026
Nip Yun Wing	15 Jul 2020	160,000	–	160,000	3.462	15 Jul 2021–14 Jul 2026
Cheung Kin Sang <sup>(a)</sup>	–	–	–	–	–	–
<b>Employees<sup>(b)</sup></b> (in aggregate)	17 Jul 2017	4,920,000	4,920,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	6,548,000	798,000	5,750,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	12,400,000	1,400,000	11,000,000	3.462	15 Jul 2021–14 Jul 2026
<b>Consultants</b> (in aggregate)	17 Jul 2017	80,000	80,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	100,000	–	100,000	4.520	18 Jul 2019–17 Jul 2024
<b>Other<sup>(c)</sup></b>	17 Jul 2017	160,000	160,000	–	4.760	17 Jul 2018–16 Jul 2023
	18 Jul 2018	160,000	160,000	–	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	160,000	160,000	–	3.462	15 Jul 2021–14 Jul 2026

Notes:

- (a) Mr. Cheung Kin Sang was appointed as an INED with effect from 1 April 2023.
- (b) Employees include an associate of Directors shown above and the movements in the options held by the associate of Directors during the year were as follows:

Name	Date of grant	Held at 1 January 2023	Lapsed during the year	Held at 31 December 2023	Exercise price per Share (HK\$)	Exercise period
Tang Eugene Justin	17 Jul 2017	120,000	120,000	–	4.760	17 Jul 2018–16 Jul 2023
Yue Chung	18 Jul 2018	130,000	–	130,000	4.520	18 Jul 2019–17 Jul 2024
	15 Jul 2020	300,000	–	300,000	3.462	15 Jul 2021–14 Jul 2026

- (c) Following the retirement of Dr. William Yip Shue Lam as an INED with effect from the conclusion of the annual general meeting of the Company held on 7 June 2023, all outstanding options granted to him were re-categorised from “Directors” to “Other” during the year.

All the options granted were subject to a one-year vesting period.

As at the date of this annual report, the total number of Shares available for issue under the 2011 Share Option Scheme taking into account the options already granted under the 2011 Share Option Scheme was 38,550,000, representing approximately 1.23% of the issued Shares as at the date of this annual report and representing approximately 1.23% of the weighted average number of issued Shares for the year.

No option was granted, exercised or cancelled under the 2011 Share Option Scheme during the year.

Save for the share option schemes described above, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

## CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2023, the Company had the following continuing connected transaction, details of which are set out below:

On 20 August 2020, the Company and Polymate Co., Ltd. ("Polymate") (a wholly-owned subsidiary of a substantial shareholder of the Company which is the trustee of a discretionary family trust established by Dr. Lui Che-woo and of which members of Lui's family, including Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah, are the discretionary beneficiaries) had entered into the master lease agreement ("2020 Master Lease Agreement"), pursuant to which the Group (as lessee or licensee) may renew or enter into new leases with the respective subsidiaries of Polymate ("Lessor Group") (as lessor or licensor) in respect of the leasing and/or licensing of certain properties and car-parking spaces beneficially owned by the Lessor Group ("Lessor Properties") for a term of 3-year period from 1 November 2020 to 31 October 2023 (both dates inclusive). Based on the continuing administrative, operational, marketing, promotional and sales needs of the Group, and considering that the Group might have to renew some of the existing leases under the 2020 Master Lease Agreement to satisfy the future business needs of the Group from time to time, following the expiry of the 2020 Master Lease Agreement, the Company and Polymate had entered into another master lease agreement on 23 August 2023 ("2023 Master Lease Agreement") whereas the Group as lessee or licensee and the Lessor Group as lessor or licensor in respect of the Lessor Properties for a term of 3-year period from 1 November 2023 to 31 October 2026 (both dates inclusive). Pursuant to the 2020 Master Lease Agreement and the 2023 Master Lease Agreement, the amount of annual rent payable by the Group to the Lessor Group is subject to the annual caps ("Annual Caps") fixed for each corresponding financial year as disclosed in the announcements of the Company dated 20 August 2020 and 23 August 2023 ("Announcements") respectively. For the year ended 31 December 2023, the aggregate annual rent of HK\$5,696,000 was paid and payable by the Group under the 2020 Master Lease Agreement and the 2023 Master Lease Agreement, which is within the Annual Caps.

The entering into of the 2020 Master Lease Agreement and the 2023 Master Lease Agreement constituted as continuing connected transactions of the Company, with applicable percentage ratios more than 0.1% but less than 5%, was exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the continuing connected transactions have been disclosed in the Announcements.



## Report of the Directors

The Board of Directors of the Company (including the INEDs) had noted and approved the abovementioned continuing connected transactions. These continuing connected transactions have also been reviewed by the INEDs of the Company who are not interested in any continuing connected transaction with the Company and they confirmed that these transactions have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and in accordance with the relevant agreements governing the respective transactions, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's independent auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter to the Company containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

Save as disclosed above, none of the related party transactions (as defined in HKAS 24 — Related Party Disclosures) entered into by the Group during the year ended 31 December 2023 disclosed in note 40 to the 2023 Financial Statements falls under the scope of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules which is subject to the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### PRE-EMPTIVE RIGHTS

There are no shareholders pre-emptive rights as a matter of Bermuda law, either under statute or at common law.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah (collectively, the "Relevant Directors"), as either directly or indirectly through a discretionary family trust and other privately-owned companies, are deemed to be interested in several independently managed companies, which are also engaging in property investment, trading, and development. The business of these companies ("Competing Business") may compete, directly or indirectly, with the business of the Group. The Relevant Directors are also directors of certain holding companies of the Competing Business.

Notwithstanding the interests of the Relevant Directors in the Competing Business disclosed above, the Group is able to carry on its business independent of, and at arm's length from, the Competing Business, given that the Company has a strong and independent Board with half of the Directors being NED/INEDs as at the date of this Report of the Directors. These NED/INEDs are professionals (audit/accounting and legal) or prominent businessmen. The Company has established corporate governance procedures, which ensure investment opportunities and business performance are independently assessed and reviewed. The Relevant Directors are fully aware of their fiduciary duty to the Company, and will abstain from voting on any matter where there is, or there may be, a conflict of interest. The Directors therefore consider that the Group's interests are adequately safeguarded.

Save as disclosed above, there is no other competing business interest between the Directors and his/her respective close associates and the Group.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

## DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES

As of 31 December 2023, the Group had given financial assistance and guarantees to financial institutions for the benefit of its affiliated companies. In compliance with the requirements of Rule 13.22 of the Listing Rules, the combined balance sheet of the affiliated companies as at the balance sheet date is disclosed as follows:

	<b>Combined Balance Sheet HK\$'000</b>	<b>Group's Attributable Interest HK\$'000</b>
Non-current assets	2,205,862	547,724
Current assets	90,624,213	24,486,644
Current liabilities	(16,186,727)	(4,754,260)
	<b>76,643,348</b>	<b>20,280,108</b>
Share capital	2,923,042	1,281,910
Reserves	2,556,951	716,408
Amounts due to shareholders	44,087,925	11,257,541
Non-current liabilities	27,075,430	7,024,249
	<b>76,643,348</b>	<b>20,280,108</b>

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the 2023 Financial Statements, is shown on pages 6 to 7 of this annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023:

- (1) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover; and
- (2) the aggregate amount of purchases (not including the purchases of items which were of a capital nature) attributable to the Group's major suppliers of the Group's total of such purchases is as follow:

The largest supplier	23%
Five largest suppliers	62%

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the five largest customers or suppliers (suppliers of items which were not of a capital nature).



## Report of the Directors

### MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the Company were entered into or existed during the year.

### AUDITOR

The 2023 Financial Statements have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the 2024 AGM.

On behalf of the Board

**Lui Che-woo**

*Chairman and Managing Director*

Hong Kong, 28 March 2024

# Independent Auditor's Report



羅兵咸永道

## To the Shareholders of K. Wah International Holdings Limited

*(incorporated in Bermuda with limited liability)*

### OPINION

#### What we have audited

The consolidated financial statements of K. Wah International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 72 to 142, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated profit and loss statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties
- Realisation of development properties held by the Group

### Key Audit Matter

#### **Valuation of investment properties**

*Refer to notes 3.5 (Summary of material accounting policy information), 5(a) (Critical accounting estimates and judgments), 8 and 18 (Notes to the consolidated financial statements)*

The Group had investment properties of HK\$16,600,967,000 as at 31 December 2023 of which fair value gains were recognised and presented as "change in fair value of investment properties" in the consolidated profit and loss statement. The Group's investment property portfolio comprises completed properties and properties under development in Hong Kong and the Mainland.

Independent valuers were engaged by the Group to determine the valuation of the Group's investment properties. The valuation of completed investment properties was arrived at using the income capitalisation method by considering the capitalised income derived from existing tenancies and the reversionary potential, including capitalisation rate and prevailing market rent, of the properties, and whenever appropriate, the direct comparison approach by reference to market evidence of recent market transaction prices. For investment properties under development, the valuation of completed investment properties was arrived at using residual method. Other than capitalisation rate, prevailing market rent and recent market transaction prices, the estimated development costs and developer's profit were also taken into consideration.

There is inherent estimation uncertainty in determining a property's valuation, as the valuers make assumptions, judgements and estimates in the key areas. Significant judgment and estimates are applied in the valuation of investment properties.

### How our audit addressed the Key Audit Matter

We understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining assumptions to be applied.

We evaluated the independent valuers' competence, capabilities and objectivities, obtained the valuation reports and met with the independent valuers to discuss the valuation methodologies applied.

We checked the accuracy of the input data, on a sample basis, used by the independent valuers in the valuation of properties including rental rates from existing tenancies by agreeing them to the underlying agreements with the tenants.

We assessed the methodologies used by the valuers and challenged the appropriateness of the key assumptions used in the valuation of properties by comparing market yields for capitalisation rates, leasing transactions and/or recent market transaction prices of comparable properties, where applicable, for prevailing market rents.

For investment properties under development, we tested, on a sample basis, the development costs to construction contracts, latest budgets and/or other supporting documents, where applicable and compared the market data of comparable properties for developer's profit.

We also involved our in-house valuation experts in the assessment of the valuation of selected investment properties.

We evaluated the appropriateness on related disclosures made in the consolidated financial statements.

Based on the audit procedures performed, we found the valuation of investment properties were supportable in light of available evidence.

## KEY AUDIT MATTERS (cont'd)

### Key Audit Matter

#### **Realisation of development properties held by the Group**

*Refer to notes 3.10 (Summary of material accounting policy information), 5(b) (Critical accounting estimates and judgments) and 25 (Notes to the consolidated financial statements)*

Development properties is the key component of the net assets value attributable to the equity holders. The carrying value of development properties as at 31 December 2023 was HK\$23,170,991,000. The Group's development properties portfolio comprises completed properties and properties under development in Hong Kong and the Mainland, which required management to apply significant judgment in their realisation assessment.

Management assessed the carrying value of the Group's development properties based on the net realisable value of the underlying properties. Based on the assessment, provisions of HK\$107,646,000 were recognised during the year.

There is inherent estimation uncertainty in determining the net realisable value, as management makes assumptions, judgements and estimates in key areas. Significant judgment is applied in the estimation of the net realisable value, which takes into account the estimated future sales price based on recent market transaction prices of comparable properties and anticipated costs to completion.

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### How our audit addressed the Key Audit Matter

We understood management's controls and processes for determining the net realisable value of the development properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied.

We obtained management's assessment of the net realisable value of the underlying properties and, on a sample basis, assessed the reasonableness of key estimates adopted by management. For the estimated future sales price, we checked, on a sample basis, to contracted sales price of the underlying properties and/or recent market transaction prices of comparable properties, where applicable. For anticipated costs to completion on properties under development, we tested, on a sample basis, the development costs to construction contracts, latest budgets and/or other supporting documents, where applicable.

We evaluated the appropriateness on related disclosures made in the consolidated financial statements.

Based on the audit procedures performed, we found that the estimates used in the calculation of the net realisable value were supportable in light of available evidence.



## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Cho Kin Lun.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 March 2024



# Consolidated Profit and Loss Statement

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	7	<b>6,102,809</b>	8,793,712
Cost of sales		<b>(4,084,643)</b>	(6,125,635)
Gross profit		<b>2,018,166</b>	2,668,077
Other operating income		<b>497,469</b>	534,443
Other net gains		<b>143,975</b>	149,217
Change in fair value of investment properties		<b>24,288</b>	(84,775)
Fair value gain on transfer of development properties to investment properties	8	<b>10,022</b>	—
Other operating expenses		<b>(370,561)</b>	(505,300)
Administrative expenses		<b>(608,644)</b>	(573,685)
Finance costs	9	<b>(349,469)</b>	(61,028)
Share of profits/(losses) of joint ventures		<b>125,875</b>	(67,054)
Share of (losses)/profits of associated companies		<b>(2,187)</b>	8,151
Profit before taxation	10	<b>1,488,934</b>	2,068,046
Taxation charge	14	<b>(646,704)</b>	(641,563)
Profit for the year		<b>842,230</b>	1,426,483
Attributable to:			
Equity holders of the Company		<b>802,156</b>	1,372,387
Non-controlling interests		<b>40,074</b>	54,096
		<b>842,230</b>	1,426,483
		<b>HK cents</b>	HK cents
Earnings per share	15		
Basic		<b>25.60</b>	43.81
Diluted		<b>25.60</b>	43.81

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
<b>Profit for the year</b>	<b>842,230</b>	1,426,483
<b>Other comprehensive (loss)/income:</b>		
<i>Items that will not be reclassified to profit and loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	<b>(1,275,500)</b>	1,819,822
Exchange differences arising from translation — non-controlling interests	<b>(32,127)</b>	(103,341)
<i>Item that may be reclassified to profit and loss:</i>		
Exchange differences arising from translation — subsidiaries	<b>(401,766)</b>	(2,556,182)
— joint ventures and associated companies	<b>4,946</b>	(28,414)
Other comprehensive loss for the year	<b>(1,704,447)</b>	(868,115)
<b>Total comprehensive (loss)/income for the year</b>	<b>(862,217)</b>	558,368
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the Company	<b>(870,164)</b>	607,613
Non-controlling interests	<b>7,947</b>	(49,245)
	<b>(862,217)</b>	558,368



# Consolidated Balance Sheet

As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	362,493	312,569
Investment properties	18	16,600,967	15,852,360
Right-of-use assets	19	79,426	19,426
Joint ventures	20	10,462,546	11,199,768
Associated companies	21	2,731,816	2,604,180
Financial assets at fair value through other comprehensive income	22	7,108,677	8,384,177
Deferred taxation assets	34	181,140	138,360
Derivative financial instruments	33	56,965	109,982
Land deposit	23	—	4,175,529
Other non-current assets	24	1,490,662	1,770,513
		<b>39,074,692</b>	44,566,864
<b>Current assets</b>			
Development properties	25	23,170,991	21,815,375
Inventories		1,249	1,383
Amounts due from joint ventures	20	61,497	61,088
Debtors and prepayments	26	598,322	482,144
Tender deposits		50,000	100,000
Derivative financial instruments	33	9,516	2,843
Financial assets at fair value through profit or loss	27	1,366,859	157,837
Taxes recoverable		677,745	788,011
Cash and cash equivalents and bank deposits	28	7,496,096	8,660,364
		<b>33,432,275</b>	32,069,045
<b>Total assets</b>		<b>72,506,967</b>	76,635,909
<b>EQUITY</b>			
Share capital	29	313,289	313,289
Reserves	31	42,014,797	43,542,869
Shareholders' funds		<b>42,328,086</b>	43,856,158
Non-controlling interests		<b>2,769,355</b>	2,786,713
<b>Total equity</b>		<b>45,097,441</b>	46,642,871

	Note	2023 HK\$'000	2022 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	32	12,324,296	12,244,037
Lease liabilities	19	1,712	4,956
Deferred taxation liabilities	34	2,706,818	2,679,471
		<b>15,032,826</b>	14,928,464
<b>Current liabilities</b>			
Amounts due to joint ventures	20	1,314,625	1,351,276
Amounts due to associated companies	21	73,417	63,873
Creditors, accruals and other liabilities	35	1,731,040	2,422,933
Pre-sales deposits	36	5,771,726	7,496,706
Current portion of borrowings	32	2,858,009	2,694,892
Taxes payable		627,883	1,034,894
		<b>12,376,700</b>	15,064,574
<b>Total liabilities</b>		<b>27,409,526</b>	29,993,038
<b>Total equity and liabilities</b>		<b>72,506,967</b>	76,635,909
<b>Net current assets</b>		<b>21,055,575</b>	17,004,471
<b>Total assets less current liabilities</b>		<b>60,130,267</b>	61,571,335

**Lui Che-woo**  
Chairman and Managing Director

**Paddy Tang Lui Wai Yu**  
Executive Director



# Consolidated Cash Flow Statement

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	37(a)	<b>2,529,578</b>	8,528,053
Tax paid		<b>(927,801)</b>	(3,520,918)
Interest paid		<b>(887,830)</b>	(450,474)
Net cash generated from operating activities		<b>713,947</b>	4,556,661
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		<b>(36,968)</b>	(4,759)
Purchases of investment properties		<b>(333,131)</b>	(186,723)
Increase in investments in joint ventures and advances to joint ventures		<b>(161,144)</b>	(517,855)
Repayments from joint ventures		<b>993,426</b>	1,049,995
Increase in investments in associated companies and advances to associated companies		<b>(153,746)</b>	(109,616)
Repayments from associated companies		<b>32,711</b>	466,585
(Additions to)/disposal of financial assets at fair value through profit or loss		<b>(1,201,864)</b>	952,712
Settlement on derivative financial instruments		<b>60,677</b>	(10,412)
Payment of land deposit		—	(4,323,134)
Increase in bank deposits		<b>(299,350)</b>	—
Proceeds from disposal of investment properties		<b>303,859</b>	—
Bank interest received		<b>172,771</b>	134,177
Dividends received from joint ventures		—	25,600
Dividends received from associated companies		<b>600</b>	89,750
Dividend income from financial assets at fair value through other comprehensive income		<b>32,497</b>	48,745
Net cash used in investing activities		<b>(589,662)</b>	(2,384,935)
<b>Cash flows from financing activities</b>			
Issue of new shares		—	7,437
Proceeds from borrowings	37(b)	<b>10,511,364</b>	9,420,997
Repayments of borrowings	37(b)	<b>(10,287,669)</b>	(13,279,821)
Principal elements of lease liabilities		<b>(3,855)</b>	(4,948)
Capital contribution from non-controlling interests		<b>42,561</b>	1,618,686
Repayment of capital to non-controlling interests		<b>(30,933)</b>	(58,560)
Dividends paid to non-controlling interests		<b>(36,933)</b>	(40,586)
Dividends paid to shareholders		<b>(657,908)</b>	(657,908)
Net cash used in financing activities		<b>(463,373)</b>	(2,994,703)
<b>Net decrease in cash and cash equivalents</b>			
		<b>(339,088)</b>	(822,977)
Cash and cash equivalents at beginning of year		<b>6,830,985</b>	8,136,563
Changes in exchange rates		<b>(70,643)</b>	(482,601)
<b>Cash and cash equivalents at end of year</b>	28	<b>6,421,254</b>	6,830,985

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Other reserves	Retained earnings	Shareholders' funds	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2023</b>	<b>313,289</b>	<b>8,618,625</b>	<b>34,924,244</b>	<b>43,856,158</b>	<b>2,786,713</b>	<b>46,642,871</b>
<b>Comprehensive income</b>						
Profit for the year	—	—	802,156	802,156	40,074	842,230
<b>Other comprehensive loss</b>						
Other comprehensive loss for the year	—	(1,672,320)	—	(1,672,320)	(32,127)	(1,704,447)
<b>Transactions with equity holders</b>						
Lapse of share options	—	(15,517)	15,517	—	—	—
Capital contribution from non-controlling interests	—	—	—	—	42,561	42,561
Repayment of capital to non-controlling interests	—	—	—	—	(30,933)	(30,933)
Dividends	—	—	(657,908)	(657,908)	(36,933)	(694,841)
<b>At 31 December 2023</b>	<b>313,289</b>	<b>6,930,788</b>	<b>35,084,009</b>	<b>42,328,086</b>	<b>2,769,355</b>	<b>45,097,441</b>
At 1 January 2022	313,023	9,380,198	34,205,795	43,899,016	1,316,418	45,215,434
<b>Comprehensive income</b>						
Profit for the year	—	—	1,372,387	1,372,387	54,096	1,426,483
<b>Other comprehensive loss</b>						
Other comprehensive loss for the year	—	(764,774)	—	(764,774)	(103,341)	(868,115)
<b>Transactions with equity holders</b>						
Issue of shares upon exercise of share options	266	7,171	—	7,437	—	7,437
Lapse of share options	—	(3,970)	3,970	—	—	—
Capital contribution from non-controlling interests	—	—	—	—	1,618,686	1,618,686
Repayment of capital to non-controlling interests	—	—	—	—	(58,560)	(58,560)
Dividends	—	—	(657,908)	(657,908)	(40,586)	(698,494)
At 31 December 2022	313,289	8,618,625	34,924,244	43,856,158	2,786,713	46,642,871



# Notes to the Consolidated Financial Statements

## 1 GENERAL INFORMATION

K. Wah International Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business in Hong Kong is 29th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.

As at 31 December 2023, the Directors of the Company consider that the ultimate holding company to be CWL Assets (PTC) Limited, a limited liability company incorporated in the British Virgin Islands, which is a trustee of a discretionary family trust established by Dr. Lui Che-woo. CWL Assets (PTC) Limited does not produce financial statements available for public use.

The principal activities of the Company and its subsidiaries (together the “Group”) are property development and investment in Hong Kong and the Mainland.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated and have been approved for issue by the Board of Directors (the “Board”) on 28 March 2024.

## 2 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 under the historical cost convention as modified by the revaluation of investment properties, certain financial assets and financial instruments, which are carried at fair values. HKFRSs comprise the following authoritative literature: Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The accounting policies and methods of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2022, except as stated below.

### **The adoption of new standard, amendments to standards and practice statement**

In 2023, the Group adopted the following new standard, amendments to standards and practice statement, which are relevant to its operations.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform — Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendment)	Insurance Contracts

The above new standard, amendments to standards and practice statement did not have significant impact on the Group’s accounting policies and did not require retrospective adjustments.

## 2 BASIS OF PREPARATION (cont'd)

### Amendments to standards and revised interpretation that are not yet effective

		<b>Effective for accounting periods beginning on or after</b>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 21 (Amendment)	Lack of Exchangeability	1 January 2025

The Group will adopt the above amendments to standards and revised interpretation as and when they become effective. The Group has performed a preliminary assessment of the likely impact and anticipates that the application of these amendments to standards and revised interpretation will have no material impact on the results and the financial position of the Group. The Group will continue to assess the impact in more details.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements, which have been consistently applied to all the years presented, unless otherwise stated, are set out below.

#### 3.1 Consolidation

##### (a) *Subsidiaries*

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls entities when the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-group transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (i) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs. Acquisition related costs are expensed as incurred. If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.1 Consolidation (cont'd)

##### (a) Subsidiaries (cont'd)

###### (i) Business combinations (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

###### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

###### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

###### (iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets including goodwill.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.1 Consolidation (cont'd)

##### **(b) Associated companies**

Associated companies are entities over which the Group has significant influence but not control. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associated company, any difference between the cost of the associated company and the Group's share of the net fair value of the associated company's identifiable assets and liabilities is accounted for as goodwill.

The Group's share of its associated companies post-acquisition profits or losses is recognised in the consolidated profit and loss statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in the consolidated profit and loss statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associated companies are recognised in the consolidated profit and loss statement.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.1 Consolidation (cont'd)

##### (c) *Joint arrangements*

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the interest in the joint ventures held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

#### 3.3 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.4 Property, plant and equipment

Land and buildings comprise mainly offices and hotel building. Leasehold land classified as finance leases and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

The carrying amount of the replaced asset is derecognised. All other repairs and maintenance costs are charged to the profit and loss statement during the financial period in which they are incurred.

All direct and indirect costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Buildings (including hotel buildings) on leasehold land are depreciated over their shorter useful life or respective lease periods using the straight-line method. No depreciation is provided on assets under construction. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Hotel buildings	20 years
Land and buildings	Shorter of remaining lease term or useful life
Plant and machinery	10 years
Other assets	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its recoverable amount. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss statement.

#### 3.5 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property under construction or development for intended use as investment property upon completion. All leases that meet the definition of investment property are classified as investment property and measured at fair value.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), and any initial direct costs incurred by the Group.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.5 Investment properties (cont'd)

After initial recognition, investment property is carried at fair value, representing open market value determined at each balance sheet date by external valuers. Fair value is based on valuations carried out by professional valuers. Where fair value of investment property under construction is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. The fair value of investment property also reflects the market values of comparable properties which have been recently transacted, adjusted for any qualitative differences that may affect the price such as location, floor area, quality and the finishes of the building and other related factors.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- Estimated construction costs
- The stage of completion
- Types of properties
- The level of reliability of cash inflow after completion
- The development risk specific to the property
- Past experience with similar constructions

Subsequent expenditure is charged to the carrying amount of the property only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss statement during the financial period in which they are incurred.

Changes in fair values of investment property (completed or under construction) are recognised in the profit and loss statement. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to completed properties held for sale at its fair value at the date of change in use.

If an investment property becomes owner-occupied or under development with the view changed to owner-occupation, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.5 Investment properties (cont'd)

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in other comprehensive income as revaluation reserves of property, plant and equipment. However, if the fair value gives rise to a reversal of a previous impairment, this write-back is recognised in the profit and loss statement. This revaluation reserve shall remain and be transferred to retained earnings upon disposal of this property.

If a development property becomes an investment property when there is a change in use, any difference resulting between the fair value of the property at that date and its previous carrying amount is recognised in the profit and loss statement. A change in use would involve an assessment of whether a property meets the definition of investment property and supporting evidence that a change in use has occurred. A change in intention, in isolation, is not enough to support a transfer.

#### 3.6 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation, but are tested at least annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

#### 3.7 Financial assets

##### (i) Classification

The Group classifies its financial assets in the categories of those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and those to be measured at amortised costs. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.7 Financial assets (cont'd)

##### **(ii) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on settlement-date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### **(iii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other net gains/losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit and loss statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other net gains/losses. Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other net gains/losses and impairment expenses are presented as separate line item in the profit and loss statement.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other net gains/losses in the period in which it arises.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.7 Financial assets (cont'd)

##### (iii) Measurement (cont'd)

###### *Equity instruments*

The Group measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other net gains/losses in the profit and loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### (iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### 3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### 3.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. The derivative is classified as a non-current asset or liability when the remaining maturity is more than twelve months, and as a current asset or liability when the remaining maturity of the contract is less than twelve months. Changes in fair value of derivatives are recognised in the profit and loss statement.

### **3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**

#### **3.10 Development properties**

Development properties comprise leasehold land and land use rights, construction costs, an appropriate proportion of overhead expenditure and borrowing costs incurred during the construction period, less provisions for impairment. Development properties are carried at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated costs to completion.

Development properties are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

#### **3.11 Inventories**

Inventories comprise primarily operating supplies, food and beverages, engineering spare parts and guest supplies. Operating supplies, food and beverages are stated at the lower of cost and net realisable value. Engineering spare parts and guest supplies are stated at lower of cost and net realisable value and expensed when consumed. Costs are assigned to individual items on the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### **3.12 Trade debtors**

Trade debtors are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method, less provision for impairment, as the Group holds the trade debtors with the objective to collect the contractual cash flows and those cash flows represent solely payments of principal and interest. The Group's impairment policies are set out in note 3.7(iv). The carrying amount of trade debtors is reduced through the use of an allowance account and the amount of the provision is recognised in the profit and loss statement within other operating expenses. When a debtor is uncollectible, it is written off against the allowance account for trade debtors. Subsequent recoveries of amounts previously written off are credited against other operating income in the profit and loss statement.

If the collection of trade debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

#### **3.13 Mortgage loans receivable**

First mortgage loans receivable is initially recognised at and are subsequently remeasured to their fair value at the end of each reporting period. Second mortgage loans receivable is classified as loans and receivable and is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Mortgage loans receivable is classified as current assets if expected to be settled within twelve months from the balance sheet date; otherwise, is classified as non-current.

#### **3.14 Cash and cash equivalents**

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 3.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability including fees and commissions to agents, advisers, levies by regulatory agencies and securities exchange, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the profit and loss statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

#### 3.17 Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade creditors are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

#### 3.18 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the Group's incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are generally depreciated over the shorter of the assets useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the profit and loss statement. Short-term leases are with a lease term of twelve months or less.

### **3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**

#### **3.18 Leases (cont'd)**

Rental income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term (note 3.23). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the balance sheet based on their nature.

#### **3.19 Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### **3.20 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxation liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.20 Current and deferred taxation (cont'd)

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation liability are provided on taxable temporary differences arising from investments in subsidiaries, associated companies and joint arrangements, except for deferred taxation liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associated companies. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred taxation liability in relation to taxable temporary differences arising from the associated company's undistributed profits is not recognised.

Deferred taxation assets are recognised on deductible temporary differences arising from investments in subsidiaries, associated companies and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 3.21 Employee benefits

##### (a) *Employee entitlements, benefits and bonuses*

Contributions to publicly or privately administered defined contribution retirement or pension plans on a mandatory, contractual or voluntary basis are recognised as employee benefit expense in the financial period when they are due. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Provisions for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.21 Employee benefits (cont'd)

##### **(b) Share-based compensation**

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and retaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit and loss statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

#### 3.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to complete and prepare for its intended use or sale are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sales. All other borrowing costs are charged to the profit and loss statement in the financial period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable and is shown, net of value-added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities of the Group have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

##### **(a) Sales of properties**

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

For property development and sales contract for which the control of the property is transferred over-time, the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Whether there is an enforceable right to payment and hence the related contract revenue should be recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts and the relevant local laws, considered the local regulators' views and practices and obtained legal advice, where necessary.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Contract acquisition costs incurred to obtain contracts are capitalised and amortised when the related revenue are recognised.

##### **(b) Rental income**

Rental income net of any incentives given to the lessees is recognised over the periods of the respective leases on a straight-line basis.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.23 Revenue recognition (cont'd)

**(c) Hotel operation income**

Hotel operation income is recognised when the services are rendered.

**(d) Interest income**

Interest income from financial assets at FVPL is included in the net fair value gains/losses on these assets. Interest income on financial assets at amortised cost is recognised in the profit and loss statement as other operating income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**(e) Dividend income**

Dividend is received from financial assets measured at FVOCI and is recognised as other operating income in profit or loss when the right to receive payment is established.

#### 3.24 Foreign currencies

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional currency and the Group's presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss statement, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses are presented in the profit and loss statement as other net gains/losses. Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity.

Translation differences on non-monetary financial assets held at FVPL are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets held at FVOCI are included in the fair value through other comprehensive income reserve in other comprehensive income.



### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.24 Foreign currencies (cont'd)

##### **(c) Group companies**

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rates at the date of that balance sheet;
- (ii) income and expenses for each profit and loss statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates at the balance sheet date. Exchange differences arising are recognised in other comprehensive income.

##### **(d) Disposal of foreign operation and partial disposal**

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associated company that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

#### 3.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit and loss statement over the period necessary to match them with the costs that they are intended to compensate.

### 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.26 Financial guarantees

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of (1) the amount determined in accordance with the expected credit loss model under HKFRS 9; and (2) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associated companies or joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

#### 3.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

### 4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The property industry is sensitive to the economic environment in Hong Kong and the Mainland, which will affect the volumes and selling prices of property transactions. The Group mainly relies on sales of properties, income from investment properties and renewal of bank borrowings to fund its operations.

Risk management is carried out by the management of the Group under the supervision of the Board. The management of the Group identifies, evaluates and manages significant financial risks in the individual operating units of the Group. The Board provides guidance for overall risk management.

#### 4.1 Financial risk factor

##### (a) Market risk

##### (i) Foreign exchange risk

The Group operates in Hong Kong and the Mainland and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB").

Foreign exchange risk mainly arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the entities in the Group.

The Group's borrowings are mainly denominated in the functional currency of the entities to minimise the foreign currency risk.

The Group would also consider entering into forward foreign exchange contracts to reduce foreign exchange risk exposure where necessary. The Group does not hedge any net investments in foreign operations.



## 4 FINANCIAL RISK MANAGEMENT (cont'd)

### 4.1 Financial risk factor (cont'd)

#### (a) Market risk (cont'd)

##### (i) Foreign exchange risk (cont'd)

At 31 December 2023 if Hong Kong dollar had strengthened or weakened by 3% (2022: 3%) against RMB, with all other variables held constant, profit before taxation for the year would have been lower or higher by approximately HK\$0.2 million (2022: HK\$0.2 million) mainly as a result of foreign exchange losses/gains arising from cash at banks.

##### (ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, amounts due from joint ventures/ associated companies, mortgage loans receivables and bank loans.

The interest rate risk arises primarily from borrowings. Borrowings with variable rates expose the Group to cash flow interest rate risk. Borrowings with fixed rates expose the Group to fair value interest rate risk.

With regard to cash flow interest rate risk of borrowings, when opportunities arise, the Group considers the use of interest rate swaps to fix the interest costs for long term. In case of funding requirement, other than bank borrowings, the Group may issue fixed-rate instruments, such as bonds, to avoid fluctuation of interest costs over the period of the instruments.

The Group has followed a policy of developing long-term banking facilities to match its long-term investments in Hong Kong and the Mainland. The policy also involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise. At 31 December 2023, if interest rates had been increased or decreased by 1% (2022: 1%) with all other variables held constant, the profit before taxation for the year (before capitalisation) would decrease or increase by approximately HK\$31 million (2022: increase or decrease by approximately HK\$31 million) mainly as a result of higher or lower net interest expenses.

##### (iii) Price risk

The Group is exposed to equity securities price risk through investments held by the Group classified as financial assets at fair value through other comprehensive income which are publicly traded and financial assets at fair value through profit or loss.

At 31 December 2023, if the share price of the financial assets at fair value through other comprehensive income had been increased or decreased by 10% (2022: 10%) with all other variables held constant, the equity would increase or decrease by approximately HK\$711 million (2022: HK\$838 million).

At 31 December 2023, if the trade price of the financial assets at fair value through profit or loss had been increased or decreased by 10% (2022: 10%) with all other variables held constant, the profit before taxation for the year would increase or decrease by approximately HK\$137 million (2022: HK\$16 million).

## 4 FINANCIAL RISK MANAGEMENT (cont'd)

### 4.1 Financial risk factor (cont'd)

#### (b) *Credit risk*

The Group's credit risk is primarily attributable to trade and other debtors, mortgage loans receivables, bank deposits, amounts due from joint ventures/associated companies and guarantees.

The Group adopts a "three-stage" approach for impairment assessment based on changes in credit quality since initial recognition (except for trade receivables, which applies simplified approach). Based on management's assessment, there were no changes in stages for the above-mentioned financial assets during the year ended 31 December 2023 as there were no significant changes in credit risk noted. As at 31 December 2023, all of the above-mentioned financial assets are classified as stage 1 under the "three-stage" approach, as there are no significant increase in credit risk after initial recognition or that have low credit risk at the reporting date.

The Group has policies in place to ensure that sales of properties, goods and services are made to customers with an appropriate credit history. The Group reviews the recoverable amount of the debtors and loans receivable on a regular basis and an allowance for doubtful debts is made where there is an expected credit loss.

To measure the expected credit losses, debtors and loans receivable are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the debtors to settle the outstanding balances.

In respect of credit exposures to customers for sales of properties, the Group normally receives deposits or progress payments from individual customers prior to the completion of sales transactions. For mortgage loans receivables, credit assessments are carried out before approving loans to the customers. Regular review with stringent monitoring procedures are conducted for overdue debts. With regard to credit exposure to customers for rental of properties, the Group also receives rental payments in advance with sufficient initial rental deposits to cover potential default in future rental payments. In respect of credit exposures to amounts due from joint ventures/associated companies, the Group regularly monitors the business performance of the joint ventures and associated companies. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate/jointly control their relevant activities. The management considers that the counterparties have a low risk of default, after taking into account the value of the assets held and the operating results of these entities. For financial guarantee provided by the Group, any failure to discharge an obligation by the counterparties will cause a financial loss to the Group. The maximum amount of the guarantee under the respective contracts is disclosed in note 39. At the reporting date, the management has performed impairment assessment and concluded there is no significant increase in credit risk since initial recognition of the financial guarantee contracts.

The credit risk on liquid funds is limited because around 80% (2022: 81%) of the funds are placed in banks with high credit rankings, ranging from Aa to A, and the remaining 20% (2022: 19%) in local banks with close monitoring by the management and there is no concentration in any particular bank. Management does not expect any losses from non-performance of these banks.



## 4 FINANCIAL RISK MANAGEMENT (cont'd)

### 4.1 Financial risk factor (cont'd)

#### (c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. It prepares cash flow forecasts to assess funding needs on a regular and rolling basis and, if necessary, obtains financing to meet the funding requirement.

The Group also maintains a level of liquid assets that ensures the availability of sufficient cash flows to meet any unexpected and material cash requirements in the course of ordinary business. In addition, standby credit facilities are obtained from banks to provide contingent liquidity support. As at 31 December 2023, the Group's total undrawn facilities amounted to approximately HK\$16.8 billion (2022: HK\$19.1 billion).

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting the construction progress of development properties, implementing cost control measures and accelerating sales with more flexible pricing. The Group will, based on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

The contractual maturity of the Group for its financial liabilities, drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay, including both interest and principal, is set out below.

	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>At 31 December 2023</b>					
Borrowings	3,653,029	3,515,526	10,165,216	32,152	17,365,923
Lease liabilities	3,322	1,788	—	—	5,110
Trade creditors	930,604	—	—	—	930,604
Other creditors and accruals	560,159	—	—	—	560,159
Amounts due to joint ventures	1,314,625	—	—	—	1,314,625
Amounts due to associated companies	73,417	—	—	—	73,417
<b>Total</b>	<b>6,535,156</b>	<b>3,517,314</b>	<b>10,165,216</b>	<b>32,152</b>	<b>20,249,838</b>
<b>At 31 December 2022</b>					
Borrowings	3,374,340	4,791,294	8,835,682	—	17,001,316
Lease liabilities	3,831	3,369	1,813	—	9,013
Trade creditors	1,491,086	—	—	—	1,491,086
Other creditors and accruals	708,881	—	—	—	708,881
Amounts due to joint ventures	1,351,276	—	—	—	1,351,276
Amounts due to associated companies	63,873	—	—	—	63,873
<b>Total</b>	<b>6,993,287</b>	<b>4,794,663</b>	<b>8,837,495</b>	<b>—</b>	<b>20,625,445</b>

Note:

The table above excludes guarantees executed by the Group that management considers the likely realisation of the guarantees to be minimal.

Interest on borrowings is calculated on balances held as at 31 December 2023 and 31 December 2022. Floating-rate interest is estimated using the current interest rate as at 31 December 2023 and 31 December 2022 respectively.

## 4 FINANCIAL RISK MANAGEMENT (cont'd)

### 4.2 Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of borrowings and equity.

The Directors of the Company review the capital structure periodically. As a part of this review, the Directors of the Company assess the annual budget prepared by its finance team which reviews, inter alia, the planned construction projects proposed by its project team and takes into account the timing of funding so required. Based on the proposed annual budget, the Directors of the Company consider the cost of capital and the risks associated with capital. The Directors of the Company also balance its overall capital structure through the payment of dividends, new share issues, if applicable, as well as the issue of new debt or the redemption of existing debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which is calculated as net borrowings to total equity. Net borrowings is calculated as total borrowings, including current and non-current borrowings, less cash and bank deposits.

The gearing ratio is calculated as follows:

	2023 HK\$'000	2022 HK\$'000
Total borrowings	15,182,305	14,938,929
Less: Cash and bank deposits (note 28)	(7,496,096)	(8,660,364)
Net borrowings	7,686,209	6,278,565
Total equity	45,097,441	46,642,871
Gearing ratio	17%	13%

### 4.3 Fair value estimation

The disclosure of fair value measurements of financial instruments carried at fair value by level in the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).



## 4 FINANCIAL RISK MANAGEMENT (cont'd)

### 4.3 Fair value estimation (cont'd)

#### (a) *Financial instruments in Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Hong Kong listed equity investments classified as financial assets at fair value through other comprehensive income (note 22).

#### (b) *Financial instruments in Level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all the resulting fair value estimates are included in Level 2.

Instruments included in Level 2 comprise financial assets at fair value through profit or loss (note 27) and derivative financial instruments (note 33).

There was no transfer of financial assets between Level 1 and Level 2 fair value hierarchy classifications.

The fair values of long-term borrowings are estimated using the expected future contractual payments discounted at current market interest rates.

The fair values of financial instruments that are not traded in an active market, which include unlisted pooled fund are determined with reference to quoted market price provided by the bank which may use established valuation techniques to ascertain the price.

## 4 FINANCIAL RISK MANAGEMENT (cont'd)

### 4.3 Fair value estimation (cont'd)

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, balances with joint ventures and associated companies, debtors, tender deposits, bank balances, creditors and current borrowings are assumed to approximate their fair values.

See note 18 for disclosures of the investment properties that are measured within level 3 of the fair value hierarchy.

The fair value of first mortgage loans receivables (note 24) is determined using discounted cash flow valuation techniques with reference to the unobservable inputs, including the lending rates from financial institution and dates over the terms of not more than 25 years (2022: 25 years), and is measured within level 3 of the fair value hierarchy.

### 4.4 Financial instruments by category

The Group holds the following financial instruments:

	Note	2023 HK\$'000	2022 HK\$'000
<b>Financial assets</b>			
Financial assets at amortised cost			
Amounts due from joint ventures	20	<b>8,971,386</b>	9,758,030
Amounts due from associated companies	21	<b>2,286,155</b>	2,149,255
Trade and other debtors	26	<b>173,548</b>	176,881
Tender deposits		<b>50,000</b>	100,000
Cash and cash equivalents and bank deposits			
At fair value through profit or loss	28	<b>2,411,168</b>	—
At amortised cost		<b>5,084,928</b>	8,660,364
Mortgage loans receivables			
At fair value through profit or loss	24	<b>885,409</b>	1,015,520
At amortised cost		<b>475,556</b>	684,949
Financial assets at fair value through other comprehensive income			
Financial assets at fair value through profit or loss	22	<b>7,108,677</b>	8,384,177
Derivative financial instruments	27	<b>1,366,859</b>	157,837
	33	<b>66,481</b>	112,825
		<b>28,880,167</b>	31,199,838
<b>Financial liabilities</b>			
Liabilities at amortised cost			
Amounts due to joint ventures	20	<b>1,314,625</b>	1,351,276
Amounts due to associated companies	21	<b>73,417</b>	63,873
Trade and other creditors*	35	<b>1,035,456</b>	1,584,180
Borrowings	32	<b>15,182,305</b>	14,938,929
Lease liabilities	19	<b>4,885</b>	8,484
		<b>17,610,688</b>	17,946,742

\* Excluding non-financial liabilities

The Group's exposure to various risks associated with the financial instruments is discussed in notes 4.1 and 4.2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets mentioned above.



## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below:

### (a) Fair values of investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgment, the Group considers information from a variety of sources including:

- (i) prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as prevailing market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- (iv) estimated development costs and developer's profit.

If information on prevailing or recent prices of investment properties is not available, the fair values of investment properties are determined using valuation techniques as disclosed in note 18. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to prevailing market yield data, prevailing transactions by the Group and those reported by the market and prevailing or estimated development costs. The valuations are reviewed annually by external valuers.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

### (b) Provision for development properties

The Group assesses the carrying amounts of properties under development and completed properties for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion, sales commission and finance costs based on past experience and estimated net sales value based on prevailing market conditions. Any changes in estimate future sales price can have a significant impact on the net realisable value of the development properties, and consequently, the carrying amount may require a provision to be recognised if the decrease in market prices is deemed permanent and the net realisable value is lower than the carrying amount. The assessment requires the use of judgment and estimates.

The Group closely monitors the trends and developments in the real estate market and regularly reviews the net realisable value of the development properties to ensure that the carrying amounts are accurately reflected in the consolidated financial statements.

### (c) Current and deferred taxation and land appreciation tax

Significant judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final taxation outcome of these matters is different from the amounts that were initially recorded, such difference will impact the provision for current and deferred taxation in the financial period in which such determination is made.

The Group is subject to land appreciation tax in the Mainland. However, the actual implementation of this tax is uncertain and varies amongst local tax authorities. Accordingly, significant judgment is required in determining the amount of the land appreciation tax and its related tax provision. The Group recognises land appreciation tax based on best estimates according to the understanding of the tax rules. The final taxation outcome could be different from the amounts that were initially recorded, and these differences will impact the provision for taxation in the financial period in which such determination is made.

Deferred taxation assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

### (d) Share-based payments

The fair value of option granted is estimated by an independent professional valuer based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the options at the date of granting the options.



## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

### (e) Impairment of non-financial assets

The Group tests at each balance sheet date whether assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

### (f) Recoverability of other non-current assets, debtors, amounts due from joint ventures/associated companies and expected credit loss on guarantees

The Group assess whether there is objective evidence that other non-current assets, debtors and amounts due from joint ventures/associated companies are impaired and financial loss arises on guarantees. It recognises impairment based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting year. The final outcome of the recoverability and cash flows of these non-current assets, debtors, amounts due from joint ventures/associated companies and changes in the risk of default by the counterparties of guarantees will impact the amount of impairment/expected credit loss required.

### (g) Fair value of certain financial assets, derivative financial instruments and first mortgage loans receivables

The fair value of financial assets, derivative financial instruments and first mortgage loans receivables that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Significant management judgement and assumption was needed in the assessment of the fair value of the investments as detailed in note 4.3.

## 6 SEGMENT INFORMATION

The Group is principally engaged in property development and investment in Hong Kong and the Mainland. In accordance with the internal financial reporting of the Group provided to the chief operating decision-maker for the purposes of allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are property development and property investment. The Group regards the Board as the chief operating decision-maker.

The results of the operating segments represent the adjusted earnings before interest, tax, depreciation, amortisation and certain items (the "Adjusted EBITDA"). Certain items include other operating income/expenses, other net gains/losses, change in fair value of investment properties and fair value gain on transfer of development properties to investment properties. The Adjusted EBITDA excludes the share of results of joint ventures and associated companies. There are no sales or trading transactions between the operating segments. Others represent corporate level activities including central treasury management, hotel operation and administrative function.

## 6 SEGMENT INFORMATION (cont'd)

Segment assets represent total assets excluding joint ventures and associated companies and other assets. Other assets mainly include financial assets at fair value through other comprehensive income, hotel building, inventories and other non-operating assets held by the corporate office.

	Property development		Property investment	Others	Total
	Hong Kong HK\$'000	Mainland HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31 December 2023</b>					
Revenue from contracts with customers:					
— Recognised at a point in time	918,765	4,454,595	—	—	5,373,360
— Recognised over time	—	—	—	92,283	92,283
Revenue from other sources:					
— Rental income	—	—	637,166	—	637,166
<b>Revenue</b>	<b>918,765</b>	<b>4,454,595</b>	<b>637,166</b>	<b>92,283</b>	<b>6,102,809</b>
<b>Adjusted EBITDA</b>	<b>452,659</b>	<b>711,404</b>	<b>493,464</b>	<b>(217,629)</b>	<b>1,439,898</b>
Other income and expenses/gains, net					270,883
Depreciation and amortisation					(30,376)
Change in fair value of investment properties			24,288		24,288
Fair value gain on transfer of development properties to investment properties			10,022		10,022
Finance costs					(349,469)
Share of profits of joint ventures	32,287	93,588			125,875
Share of (losses)/profits of associated companies	(2,602)	415			(2,187)
Profit before taxation					1,488,934
Taxation charge					(646,704)
Profit for the year					842,230
<b>As at 31 December 2023</b>					
Segment assets	5,805,922	28,645,000	17,125,268	—	51,576,190
Other assets	—	—	—	7,674,918	7,674,918
Joint ventures	8,988,237	1,535,806	—	—	10,524,043
Associated companies	2,703,054	28,762	—	—	2,731,816
<b>Total assets</b>	<b>17,497,213</b>	<b>30,209,568</b>	<b>17,125,268</b>	<b>7,674,918</b>	<b>72,506,967</b>
<b>Total liabilities</b>	<b>6,657,770</b>	<b>17,687,553</b>	<b>3,008,798</b>	<b>55,405</b>	<b>27,409,526</b>



## 6 SEGMENT INFORMATION (cont'd)

	Property development		Property investment	Others	Total
	Hong Kong HK\$'000	Mainland HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2022					
Revenue from contracts with customers:					
— Recognised at a point in time	3,960,957	4,137,076	—	—	8,098,033
— Recognised over time	—	—	—	54,570	54,570
Revenue from other sources:					
— Rental income	—	—	641,109	—	641,109
<b>Revenue</b>	<b>3,960,957</b>	<b>4,137,076</b>	<b>641,109</b>	<b>54,570</b>	<b>8,793,712</b>
<b>Adjusted EBITDA</b>	<b>1,363,994</b>	<b>471,541</b>	<b>505,094</b>	<b>(213,004)</b>	<b>2,127,625</b>
Other income and expenses/gains, net					178,360
Depreciation and amortisation					(33,233)
Change in fair value of investment properties			(84,775)		(84,775)
Finance costs					(61,028)
Share of losses of joint ventures	(48,538)	(18,516)			(67,054)
Share of (losses)/profits of associated companies	(14,155)	22,306			8,151
Profit before taxation					2,068,046
Taxation charge					(641,563)
Profit for the year					<b>1,426,483</b>
As at 31 December 2022					
Segment assets	6,070,013	31,649,233	16,209,817	—	53,929,063
Other assets	—	—	—	8,841,810	8,841,810
Joint ventures	9,747,344	1,513,512	—	—	11,260,856
Associated companies	2,575,421	28,759	—	—	2,604,180
<b>Total assets</b>	<b>18,392,778</b>	<b>33,191,504</b>	<b>16,209,817</b>	<b>8,841,810</b>	<b>76,635,909</b>
<b>Total liabilities</b>	<b>6,942,195</b>	<b>20,042,357</b>	<b>2,957,697</b>	<b>50,789</b>	<b>29,993,038</b>
<b>Additions to non-current assets</b>					
<b>Year ended 31 December 2023</b>	<b>—</b>	<b>6,670</b>	<b>895,367</b>	<b>30,212</b>	<b>932,249</b>
Year ended 31 December 2022	325	8,723	187,303	926	197,277

## 6 SEGMENT INFORMATION (cont'd)

### Geographical segment information

The Group operates in two (2022: two) main geographical areas: Hong Kong and the Mainland. The revenue for the years ended 31 December 2023 and 2022 and total non-current assets (other than joint ventures, associated companies, financial assets at fair value through other comprehensive income, deferred taxation assets, derivative financial instruments, land deposit and other non-current assets) as at 31 December 2023 and 2022 by geographical area are as follows:

	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>		
Hong Kong	1,010,367	4,050,934
Mainland	5,092,442	4,742,778
	<b>6,102,809</b>	8,793,712

	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>		
Hong Kong	2,743,999	2,897,843
Mainland	14,298,887	13,286,512
	<b>17,042,886</b>	16,184,355

## 7 REVENUE

	2023 HK\$'000	2022 HK\$'000
Sales of properties	5,373,360	8,098,033
Rental income	637,166	641,109
Hotel operations	92,283	54,570
	<b>6,102,809</b>	8,793,712

## 8 FAIR VALUE GAIN ON TRANSFER OF DEVELOPMENT PROPERTIES TO INVESTMENT PROPERTIES

The amount represents fair value gain on transfer of certain development properties to investment properties in pursuance of the Group's strategy to increase the recurring income.



## Notes to the Consolidated Financial Statements

### 9 FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest expenses		
Bank loans, overdrafts and others	878,882	491,064
Lease liabilities	301	890
	879,183	491,954
Capitalised as cost of properties under development	(529,714)	(430,926)
	349,469	61,028

The capitalisation rates used to determine the amounts of borrowing costs eligible for the development of properties are from 2% to 7% per annum (2022: 1% to 5% per annum).

### 10 PROFIT BEFORE TAXATION

	2023 HK\$'000	2022 HK\$'000
Profit before taxation is stated after crediting:		
Interest income from banks	178,265	131,481
Interest income from joint ventures and associated companies	79,683	141,295
Interest income from mortgage loans and others	54,502	56,497
Dividend income from financial assets at fair value through other comprehensive income	32,497	48,745
Gain on disposal of investment properties (note)	132,282	—
Net gains on settlement of derivative financial instruments	60,677	—
Net fair value gains on derivative financial instruments	—	138,906
Net fair value gains on financial assets at fair value through profit or loss	16,260	10,547
Net exchange gains	—	10,272
and after charging:		
Cost of properties sold	3,849,251	6,014,050
Cost of inventories consumed/sold	17,132	10,971
Impairment of development properties	107,646	—
Selling and marketing expenses	235,462	375,020
Depreciation for property, plant and equipment (net of amount capitalised under properties under development of HK\$415,000 (2022: HK\$449,000))	26,139	25,541
Depreciation for right-of-use assets	4,237	7,692
Auditors' remuneration to the auditor of the Company		
Audit services	5,290	5,500
Non-audit services	942	2,568
Loss on disposal of property, plant and equipment	119	96
Lease expenses	6,794	7,743
Outgoings in respect of investment properties		
Direct operating expense of investment properties that generate rental income	42,574	42,905
Direct operating expense of investment properties that did not generate rental income	5,331	5,145
Net losses on settlement of derivative financial instruments	—	10,412
Net fair value losses on derivative financial instruments	46,344	—
Net exchange losses	18,781	—

Note: A number of rental units were disposed during the year.

## 11 EMPLOYEE BENEFIT EXPENSES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Staff costs including directors' emoluments	<b>482,661</b>	439,263
Pension costs — defined contribution plans	<b>34,135</b>	34,779
	<b>516,796</b>	474,042
Capitalised as cost of properties under development	<b>(55,579)</b>	(50,359)
	<b>461,217</b>	423,683

The Group operates two defined contribution schemes in Hong Kong which comply with all the respective requirements under the Occupational Retirement Schemes Ordinance (“ORSO”) and Mandatory Provident Fund (“MPF”) Schemes Ordinance. All the assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Schemes Ordinance while contributions to the ORSO Scheme are based on a percentage ranging from 5% to 10% (depending upon the length of employment) of the basic salary of the employee, minus the mandatory contributions to the MPF Scheme. The contributions to the ORSO Scheme may be reduced by contributions forfeited in respect of those employees who leave the scheme prior to the full vesting of the contributions of the Group on the employee.

Employees in the Mainland participate in various social security funds organised by the relevant municipal and provincial governments under which the Group is required to make monthly defined contributions to those plans at rates ranging from 14% to 16% of the basic salaries of the employees, depending upon the applicable local regulations. The Group has no other obligations for the payment of other post-retirement benefits of employees other than the above payments.

During the year, contributions forfeited of HK\$678,000 (2022: HK\$392,000) were utilised, leaving HK\$2,000 (2022: HK\$2,000) available at the balance sheet date to reduce future contributions.



## 12 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' emoluments

Name	(note i)	(note ii)			Total HK\$'000
	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	
<b>2023</b>					
Lui Che-woo	342	15,360	4,330	1,594	21,626
Francis Lui Yiu Tung	200	1,872	525	187	2,784
Paddy Tang Lui Wai Yu	200	8,400	2,610	840	12,050
Alexander Lui Yiu Wah	200	11,400	3,560	1,140	16,300
William Yip Shue Lam (iii)	456	—	—	—	456
Moses Cheng Mo Chi	325	—	—	—	325
Wong Kwai Lam (iv)	300	—	—	—	300
Nip Yun Wing (v)	325	—	—	—	325
Cheung Kin Sang (vi)	—	—	—	—	—
	<b>2,348</b>	<b>37,032</b>	<b>11,025</b>	<b>3,761</b>	<b>54,166</b>
<b>2022</b>					
Lui Che-woo	342	14,916	4,193	1,550	21,001
Francis Lui Yiu Tung	200	1,824	513	182	2,719
Paddy Tang Lui Wai Yu	200	8,136	2,556	814	11,706
Alexander Lui Yiu Wah	200	11,052	3,472	1,105	15,829
William Yip Shue Lam	456	—	—	—	456
Moses Cheng Mo Chi	325	—	—	—	325
Wong Kwai Lam	300	—	—	—	300
Nip Yun Wing	325	—	—	—	325
	2,348	35,928	10,734	3,651	52,661

*Notes:*

- (i) The amounts represented emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertakings.
- (ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings. The discretionary bonuses paid in 2023 were in relation to performance and services for 2022.
- (iii) Retired from acting as an independent non-executive Director of the Company and ceased to act as the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 7 June 2023 ("2023 AGM").
- (iv) Appointed as the chairman of the Remuneration Committee of the Company with effect from the conclusion of the 2023 AGM.
- (v) Appointed as the chairman of the Audit Committee and a member of the Remuneration Committee of the Company with effect from the conclusion of the 2023 AGM.
- (vi) Appointed as an independent non-executive Director of the Company with effect from 1 April 2023 and a member of each of the Audit Committee and the Nomination Committee of the Company with effect from the conclusion of the 2023 AGM.

There was no arrangement under which a Director waived or agreed to waive any emoluments during the current and prior years.

## 12 BENEFITS AND INTERESTS OF DIRECTORS (cont'd)

### (b) Directors' material interests in transactions, arrangements or contracts

Pursuant to the master lease agreements dated 20 August 2020 and 23 August 2023, both made between the Company and Polymate Co., Ltd. ("Polymate"), an aggregated annual rent of HK\$5,696,000 for the year ended 31 December 2023 (2022: HK\$5,883,000) was paid to Polymate, which is a wholly-owned subsidiary of a substantial shareholder of the Company which in turn is the trustee of a discretionary family trust established by Dr. Lui Che-woo and of which members of Lui's family, including Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah, are the discretionary beneficiaries.

Save for the aforementioned contract and arrangement, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: nil).

## 13 FIVE HIGHEST PAY INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include three (2022: three) Directors. The emoluments of the five individuals are as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Salaries and other emoluments	<b>43,488</b>	41,686
Pension costs — defined contribution plans	<b>4,027</b>	4,045
Discretionary bonuses	<b>11,660</b>	15,047
	<b>59,175</b>	60,778

The emoluments of the individuals fell within the following bands:

	<b>Number of employees</b>	
	<b>2023</b>	2022
HK\$4,000,001 — HK\$4,500,000	<b>1</b>	—
HK\$4,500,001 — HK\$5,000,000	<b>1</b>	—
HK\$5,000,001 — HK\$5,500,000	—	1
HK\$7,000,001 — HK\$7,500,000	—	1
HK\$11,500,001 — HK\$12,000,000	—	1
HK\$12,000,001 — HK\$12,500,000	<b>1</b>	—
HK\$15,500,001 — HK\$16,000,000	—	1
HK\$16,000,001 — HK\$16,500,000	<b>1</b>	—
HK\$21,000,001 — HK\$21,500,000	—	1
HK\$21,500,001 — HK\$22,000,000	<b>1</b>	—
	<b>5</b>	5

**14 TAXATION CHARGE**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Current		
Hong Kong profits tax	<b>53,040</b>	240,973
Mainland		
— Income tax	<b>364,489</b>	256,296
— Land appreciation tax	<b>205,033</b>	96,543
Over-provision in previous years	<b>(28)</b>	(516)
Deferred (note 34)	<b>24,170</b>	48,267
	<b>646,704</b>	641,563

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year after setting off available tax losses brought forward. Taxation assessable on profits generated for the year in the Mainland has been provided at the rate of 25% (2022: 25%). There is no income tax provided on other comprehensive income.

Land appreciation tax in the Mainland is normally provided at statutory progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, and is included in the profit and loss statement as taxation charge.

The taxation charge on the profit before taxation differs from the theoretical amount that would arise using the applicable taxation rate being the weighted average of rates prevailing in the countries in which the Group operates, as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Profit before taxation	<b>1,488,934</b>	2,068,046
Share of (profits)/losses of joint ventures	<b>(125,875)</b>	67,054
Share of losses/(profits) of associated companies	<b>2,187</b>	(8,151)
	<b>1,365,246</b>	2,126,949
Tax calculated at applicable tax rates	<b>374,302</b>	433,116
Income not subject to taxation	<b>(23,905)</b>	(35,389)
Expenses not deductible for taxation purposes	<b>128,642</b>	61,664
Recognition and utilisation of previously unrecognised tax losses	<b>(66,375)</b>	(36,012)
Tax loss not recognised	<b>66,831</b>	61,111
Land appreciation tax deductible for calculation of income tax	<b>(51,258)</b>	(24,136)
Over-provision in previous years	<b>(28)</b>	(516)
	<b>428,209</b>	459,838
Withholding tax	<b>13,462</b>	85,182
Land appreciation tax	<b>205,033</b>	96,543
Taxation charge	<b>646,704</b>	641,563

## 15 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year is based on the following:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Profit attributable to equity holders of the Company	<b>802,156</b>	1,372,387

	<b>Number of shares</b>	
	<b>2023</b>	2022
Weighted average number of shares for calculating basic earnings per share	<b>3,132,894,615</b>	3,132,672,948
Effect of dilutive potential ordinary shares — Share options	—	4,157
Weighted average number of shares for calculating diluted earnings per share	<b>3,132,894,615</b>	3,132,677,105

## 16 DIVIDENDS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Interim cash dividend of 7 HK cents (2022: 7 HK cents) per share	<b>219,303</b>	219,303
Proposed final scrip dividend (with a cash option) of 9 HK cents (2022: final cash dividend of 14 HK cents) per share	<b>281,961</b>	438,605
	<b>501,264</b>	657,908

The Board recommended the payment of a final scrip dividend (with a cash option) in respect of 2023 of 9 HK cents (2022: final cash dividend of 14 HK cents) per share. This dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2024.



## 17 PROPERTY, PLANT AND EQUIPMENT

	<b>Hotel buildings</b>	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Other assets</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cost</b>					
At 1 January 2022	426,130	178,078	31,187	120,703	756,098
Exchange differences	(36,111)	(5,452)	(2,645)	(4,885)	(49,093)
Additions	—	—	—	4,759	4,759
Disposals	—	—	—	(787)	(787)
At 31 December 2022	390,019	172,626	28,542	119,790	710,977
Exchange differences	(5,796)	(838)	(406)	(973)	(8,013)
Additions	—	—	—	36,968	36,968
Transfer from development properties	43,301	—	—	—	43,301
Disposals	—	—	—	(1,303)	(1,303)
<b>At 31 December 2023</b>	<b>427,524</b>	<b>171,788</b>	<b>28,136</b>	<b>154,482</b>	<b>781,930</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	204,681	60,295	28,066	106,235	399,277
Exchange differences	(17,948)	(1,781)	(2,378)	(4,061)	(26,168)
Charge for the year	17,683	3,081	—	5,226	25,990
Disposals	—	—	—	(691)	(691)
At 31 December 2022	204,416	61,595	25,688	106,709	398,408
Exchange differences	(3,008)	(296)	(367)	(670)	(4,341)
Charge for the year	17,473	3,011	38	6,032	26,554
Disposals	—	—	—	(1,184)	(1,184)
<b>At 31 December 2023</b>	<b>218,881</b>	<b>64,310</b>	<b>25,359</b>	<b>110,887</b>	<b>419,437</b>
<b>Net book value</b>					
<b>At 31 December 2023</b>	<b>208,643</b>	<b>107,478</b>	<b>2,777</b>	<b>43,595</b>	<b>362,493</b>
At 31 December 2022	185,603	111,031	2,854	13,081	312,569

No land and buildings were pledged to secure the banking facilities of the Group as at 31 December 2023 and 31 December 2022.

Other assets comprise cruiser, furniture and equipment, leasehold improvements and motor vehicles.

## 18 INVESTMENT PROPERTIES

	Completed		Under	Total
	Hong Kong	Mainland	development	
	HK\$'000	HK\$'000	Mainland	HK\$'000
			HK\$'000	HK\$'000
At 1 January 2022	2,900,400	12,920,034	1,126,468	16,946,902
Exchange differences	—	(1,094,343)	(102,147)	(1,196,490)
Additions	—	—	186,723	186,723
Change in fair value	(78,500)	(15,426)	9,151	(84,775)
At 31 December 2022	2,821,900	11,810,265	1,220,195	15,852,360
Exchange differences	—	(168,002)	(22,623)	(190,625)
Additions	—	—	895,281	895,281
Disposals	(98,000)	(71,094)	—	(169,094)
Transfer from development properties	—	178,735	—	178,735
Change in fair value	(53,500)	39,765	38,023	24,288
Fair value gain on transfer of development properties to investment properties	—	10,022	—	10,022
Reclassifications	—	584,860	(584,860)	—
<b>At 31 December 2023</b>	<b>2,670,400</b>	<b>12,384,551</b>	<b>1,546,016</b>	<b>16,600,967</b>

- (a) Investment properties were valued at 31 December 2023 on an open market value basis by Cushman & Wakefield Limited, Savills Valuation and Professional Services (China) Limited, Knight Frank Petty Limited, Colliers Appraisal & Advisory Services Co., Ltd. and Vincorn Consulting and Appraisal Limited, independent professional valuers.
- (b) Investment properties with carrying values of HK\$1,697,528,000 (2022: HK\$3,949,737,000) were pledged to secure the banking facilities of the Group.
- (c) The investment properties are leased to tenants under operating leases with rentals payable monthly.

**18 INVESTMENT PROPERTIES (cont'd)****(d) Valuation processes of the Group**

The Group's investment properties were valued at 31 December 2023 by independent professional valuers who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the valuers and reports directly to senior management of the Group. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates. At each financial year end the finance department:

- Verifies major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports;
- Holds discussions with the independent valuers.

**(e) Valuation technique*****Fair value measurements using significant unobservable inputs***

Fair values of completed investment properties are generally derived using the income capitalisation method or, where appropriate, by reference to direct comparison approach. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation were referenced to recent lettings, within the subject property projects and other comparable properties. Direct comparison approach is based on sales prices of comparable properties in close proximity and adjusted for differences in key attributes such as property location and quality.

Information about the significant unobservable inputs used for the fair value measurements of completed residential and commercial properties valued under the income capitalisation method is as follows:

	Residential Properties		Commercial Properties	
	Hong Kong	Mainland	Hong Kong	Mainland
<b>2023</b>				
Rental value (HK\$/sqm/month)	<b>381 to 401</b>	<b>239 to 422</b>	<b>246 to 1,022</b>	<b>45 to 719</b>
Capitalisation rate (%)	<b>1.98 to 2.13</b>	<b>3.50</b>	<b>3.13 to 6.00</b>	<b>4.50 to 8.00</b>
<b>2022</b>				
Rental value (HK\$/sqm/month)	405 to 421	226 to 407	266 to 979	44 to 726
Capitalisation rate (%)	1.98 to 2.13	3.50	3.13 to 6.00	4.50 to 8.00

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject property projects and other comparable properties. The lower the rents, the lower the fair value. Capitalisation and discount rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

## 18 INVESTMENT PROPERTIES (cont'd)

### (e) Valuation technique (cont'd)

#### *Fair value measurements using significant unobservable inputs (cont'd)*

Fair value of investment properties under development in the Mainland is derived using the residual method. Residual method is essentially a mean of valuing the properties by reference to its development potential by deducting all known or anticipated development costs to completion together with the developer's profit and the risks associated with the completion from the estimated capital value of the development by reference to recent market transactions of comparable properties assuming completed as at the date of valuation.

Estimated costs to completion and developer's profit are estimated by valuers based on market conditions for investment properties under development in the Mainland. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs, the lower the fair value. The estimated developer's profit used for the fair value measurements ranged from 15% to 25% on gross development value.

There were no changes to the valuation techniques during the year.

## 19 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	2023 HK\$'000	2022 HK\$'000
<b>Right-of-use assets</b>		
Leasehold land and land use rights	74,866	11,398
Office premises	4,560	8,028
	<b>79,426</b>	19,426
<b>Lease liabilities</b>		
Current	3,173	3,528
Non-current	1,712	4,956
	<b>4,885</b>	8,484

The depreciation of right-of-use assets for leasehold land and land use rights and office premises are HK\$865,000 (2022: HK\$433,000) and HK\$3,372,000 (2022: HK\$7,259,000) respectively.

The Group leases various land and office premises. Rental contracts are typically made for fixed periods within 1 to 50 years. Lease terms are negotiated on an individual basis.

No right-of-use assets were pledged to secure the banking facilities of the Group as at 31 December 2023 and 31 December 2022.



## 20 JOINT VENTURES

	2023 HK\$'000	2022 HK\$'000
Share of net assets	1,552,657	1,502,826
Amounts due from joint ventures	8,909,889	9,696,942
	<b>10,462,546</b>	11,199,768

The share of the aggregate amounts of the assets, liabilities and results of the joint ventures, all of which are unlisted, attributable to the Group is as follows:

	2023 HK\$'000	2022 HK\$'000
Assets	19,663,871	23,288,945
Liabilities	(18,111,214)	(21,786,119)
Net assets	1,552,657	1,502,826
Revenue	5,857,303	553,232
Profit/(loss) after taxation	125,875	(67,054)
Other comprehensive income/(loss)	5,145	(28,366)
Total comprehensive income/(loss)	131,020	(95,420)
Dividends received from joint ventures	—	25,600

Amounts due from joint ventures classified as non-current assets are unsecured, will not be repayable within next twelve months and non-interest bearing (2022: except for an amount of HK\$3,136,585,000 which carries interest at prevailing market rate). Amounts due from/to joint ventures classified as current assets/liabilities are unsecured, non-interest bearing and repayable on demand. There is no single joint venture material to the Group. As at 31 December 2023, no amounts due from joint ventures were impaired (2022: nil).

Details of principal joint ventures of the Group are given in note 42(b). There are no contingent liabilities relating to the Group's interest in the joint ventures as at 31 December 2023 and 31 December 2022.

All the joint ventures are private companies and there are no quoted market price available for their shares.

## 21 ASSOCIATED COMPANIES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Share of net assets	<b>445,661</b>	454,925
Amounts due from associated companies	<b>2,286,155</b>	2,149,255
	<b>2,731,816</b>	2,604,180

The share of the aggregate amounts of the assets, liabilities and results of the associated companies, all of which are unlisted, attributable to the Group is as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Assets	<b>5,370,496</b>	4,939,772
Liabilities	<b>(4,924,835)</b>	(4,484,847)
Net assets	<b>445,661</b>	454,925
Revenue	—	—
(Loss)/profit after taxation	<b>(2,187)</b>	8,151
Other comprehensive loss	<b>(199)</b>	(48)
Total comprehensive (loss)/income	<b>(2,386)</b>	8,103
Dividends received from associated companies	<b>600</b>	89,750

Amounts due from associated companies classified as non-current assets are unsecured, will not be repayable within next twelve months and non-interest bearing (except for an amount of HK\$1,200,668,000 (2022: HK\$2,052,385,000) which carries interest at prevailing market rate). Amounts due from/to associated companies classified as current assets/liabilities are unsecured, non-interest bearing and repayable on demand. There is no single associated company material to the Group. As at 31 December 2023, no amounts due from associated companies were impaired (2022: nil).

Details of principal associated companies of the Group are given in note 42(c). There are no contingent liabilities relating to the Group's interest in the associated companies as at 31 December 2023 and 31 December 2022.

All the associated companies are private companies and there are no quoted market price available for their shares.

**22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Listed equity securities, at fair value	<b>7,108,677</b>	8,384,177

The listed securities represent the Group's 3.72% (2022: 3.72%) equity interest in Galaxy Entertainment Group Limited ("GEG"), which is incorporated and listed in Hong Kong. The principal activities of GEG are gaming, provision of hospitality and sale, manufacture and distribution of construction materials.

**23 LAND DEPOSIT**

Balance represented the land deposit paid in 2022 for a project, located in Huajing Town, Xuhui District, Shanghai, which is 60% owned by the Group with the remaining 40% owned by other parties (non-controlling interests). Each party contributed its share of the deposit in accordance with the shareholdings in the project. The relevant land use right was obtained by the Group in January 2023.

**24 OTHER NON-CURRENT ASSETS**

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
First mortgage loans receivables	<b>862,769</b>	987,775
Second mortgage loans receivables	<b>463,029</b>	665,868
Development deposit and others	<b>164,864</b>	116,870
	<b>1,490,662</b>	1,770,513

Mortgage loans are advances to purchasers of development properties of the Group and are secured by first or second mortgages on the related properties. The current portion of the first and second mortgage loans amounting to HK\$22,640,000 (2022: HK\$27,745,000) and HK\$12,527,000 (2022: HK\$19,081,000) respectively are included under other debtors. The Group has not provided any impairment loss for its mortgage loans during the year (2022: nil). The fair value of the second mortgage loans receivables approximates their carrying amounts.

**25 DEVELOPMENT PROPERTIES**

	<b>Completed</b> <b>HK\$'000</b>	<b>Under development</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>	Completed HK\$'000	Under development HK\$'000	2022 HK\$'000
Leasehold land and land use rights	<b>4,996,392</b>	<b>9,900,844</b>	<b>14,897,236</b>	6,796,835	6,385,011	13,181,846
Development costs	<b>5,219,675</b>	<b>3,054,080</b>	<b>8,273,755</b>	6,908,880	1,724,649	8,633,529
	<b>10,216,067</b>	<b>12,954,924</b>	<b>23,170,991</b>	13,705,715	8,109,660	21,815,375

Development properties with carrying values of HK\$3,544,296,000 (2022: HK\$971,080,000) were pledged to secure the banking facilities of the Group.

As at 31 December 2023, development properties under development amounting to HK\$7,851,842,000 (2022: HK\$7,004,384,000) were not scheduled for completion within twelve months.

## 26 DEBTORS AND PREPAYMENTS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade debtors	<b>15,754</b>	15,362
Other debtors	<b>192,961</b>	208,345
Prepayments and other deposits	<b>151,762</b>	52,681
Sales commissions	<b>16,930</b>	33,450
Sales taxes	<b>220,915</b>	172,306
	<b>598,322</b>	482,144

The debtors and prepayments are denominated in the following currencies:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>171,421</b>	85,104
RMB	<b>426,901</b>	397,040
	<b>598,322</b>	482,144

Trade debtors mainly comprise rental receivables. Rental from tenants is due and payable in advance.

The aging analysis of the trade debtors of the Group based on the date of invoices and net of provision for bad and doubtful debts is as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Within one month	<b>4,998</b>	4,926
Two to three months	<b>1,772</b>	8,624
Four to six months	<b>3,418</b>	752
Over six months	<b>5,566</b>	1,060
	<b>15,754</b>	15,362



## 26 DEBTORS AND PREPAYMENTS (cont'd)

The Group measures expected credit losses which use a lifetime expected loss allowance for all trade debtors. Trade debtors are grouped based on shared credit risk characteristics and the days past due as follows:

	2023 HK\$'000	2022 HK\$'000
Current	4,998	4,926
Within three months past due	1,772	8,624
Over three months past due	8,984	1,812
	<b>15,754</b>	15,362

No provision for impairment for trade debtors was made as at 31 December 2023 (2022: nil).

As at 31 December 2023, other debtors included a loan receivable of HK\$31,759,000 (2022: HK\$42,293,000) which is unsecured, interest-free, denominated in RMB and matured within a year. The loan was fully performing. The Group does not hold any collateral as security. As at 31 December 2023, no other debtors was impaired (2022: nil).

Sales commissions represent contract acquisition costs incurred to obtain property sale contracts. The Group has capitalised the amounts and amortised when the related revenue is recognised. For the year ended 31 December 2023, the prepaid amount recognised to profit or loss was HK\$22,209,000 (2022: HK\$31,634,000) and there was no impairment loss (2022: nil) in relation to the costs capitalised.

The carrying amounts of the debtors and prepayments approximate to their fair value. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

## 27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The amount represents unlisted pool funds in the Mainland denominated in RMB.

## 28 CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Cash at bank and in hand	2,575,800	5,059,268
Short-term and other bank deposits	3,845,454	1,771,717
<b>Cash and cash equivalents</b>	<b>6,421,254</b>	6,830,985
Short-term bank deposits maturing after three months	298,020	—
Restricted cash	776,822	1,829,379
<b>Total cash and bank deposits</b>	<b>7,496,096</b>	8,660,364

The restricted cash mainly represents sale proceeds held in independent stakeholder's accounts as required by the relevant rules/regulations and are being used to fund the outstanding construction costs of the relevant property developments or in repayment of project loans. The balances will be released upon completion of the relevant projects or when the relevant balance exceeds the prescribed limit.

The effective interest rate on bank deposits is 3.62% (2022: 3.86%) per annum and these deposits have an average of 70 days (2022: 57 days).

The cash and bank deposits are denominated in the following currencies:

	2023 HK\$'000	2022 HK\$'000
Hong Kong dollar	1,598,101	1,565,559
RMB	5,895,157	7,092,331
Others	2,838	2,474
	<b>7,496,096</b>	8,660,364

The credit quality of cash and bank deposits by reference to Moody's credit ratings is as follows:

	2023 HK\$'000	2022 HK\$'000
Credit rating:		
Aa	1,283,094	1,051,435
A	4,744,643	5,921,615
Baa	1,453,610	1,438,261
Others	14,749	249,053
	<b>7,496,096</b>	8,660,364

**29 SHARE CAPITAL**

	2023		2022	
	Shares of HK\$0.10 each Number of shares	HK\$'000	Shares of HK\$0.10 each Number of shares	HK\$'000
Authorised:				
At beginning and end of year	<b>5,000,000,000</b>	<b>500,000</b>	5,000,000,000	500,000
Issued and fully paid:				
At beginning of year	<b>3,132,894,615</b>	<b>313,289</b>	3,130,234,615	313,023
Share options exercised	—	—	2,660,000	266
At end of year	<b>3,132,894,615</b>	<b>313,289</b>	3,132,894,615	313,289

During the year, no share options were exercised (2022: share options to subscribe for 2,660,000 shares were exercised, of which HK\$266,000 and HK\$8,448,000 were credited to share capital and share premium respectively and HK\$1,277,000 was debited to share option reserve).

**30 SHARE OPTION SCHEME**

The Company operates a share option scheme under which options to subscribe for shares in the Company may be granted to employees, senior executives or Directors or consultants of the Company or its affiliates, and other qualifying grantees. Options are exercisable at a price of the higher of the closing price of the shares on the date of grant or the average closing prices of the shares for the five business days immediately preceding the date of grant and subject to a one year vesting period. Consideration to be paid on each grant of option is HK\$1.00. The period within which the shares must be taken up under an option is determined by the Board from time to time, except that such period shall not expire more than ten years from the date of grant of the option.

Movements of share options and their related weighted average exercise prices per share during the year are as follows:

	2023		2022	
	Average exercise price HK\$	Number of share options	Average exercise price HK\$	Number of share options
At beginning of year	<b>4.143</b>	<b>56,548,000</b>	4.023	65,998,000
Exercised	n/a	—	2.796	(2,660,000)
Lapsed	<b>4.635</b>	<b>(17,998,000)</b>	3.500	(6,790,000)
At end of year	<b>3.914</b>	<b>38,550,000</b>	4.143	56,548,000
Vested at end of year	<b>3.914</b>	<b>38,550,000</b>	4.143	56,548,000

### 30 SHARE OPTION SCHEME (cont'd)

No share options were exercised during the year (2022: the weighted average share price at the date of exercise for share options exercised was HK\$3.01 per share).

The options outstanding as at 31 December 2023 have exercise prices ranging from HK\$3.462 to HK\$4.52 (2022: HK\$3.462 to HK\$4.76) per share with weighted average remaining contractual life of 1.7 years (2022: 2.1 years).

Share options outstanding at the end of the year have the following exercise periods and exercise prices per share:

Exercise period	Exercise price HK\$	Number of share options	
		2023	2022
<b>Directors</b>			
17 July 2018 to 16 July 2023	4.760	—	10,480,000
18 July 2019 to 17 July 2024	4.520	<b>10,620,000</b>	10,780,000
15 July 2021 to 14 July 2026	3.462	<b>11,080,000</b>	11,240,000
<b>Employees and others</b>			
17 July 2018 to 16 July 2023	4.760	—	5,000,000
18 July 2019 to 17 July 2024	4.520	<b>5,850,000</b>	6,648,000
15 July 2021 to 14 July 2026	3.462	<b>11,000,000</b>	12,400,000
		<b>38,550,000</b>	56,548,000

No share options were granted for the years ended 31 December 2023 and 31 December 2022.



## Notes to the Consolidated Financial Statements

### 31 RESERVES

	Share premium HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Capital redemption/ Capital reserve HK\$'000	Revaluation reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>At 1 January 2023</b>	<b>1,801,229</b>	<b>37,970</b>	<b>99,089</b>	<b>872</b>	<b>660</b>	<b>8,211,944</b>	<b>(1,533,139)</b>	<b>34,924,244</b>	<b>43,542,869</b>
<b>Comprehensive income</b>									
Profit for the year	—	—	—	—	—	—	—	802,156	802,156
<b>Other comprehensive (loss)/income</b>									
Exchange differences arising from translation	—	—	—	—	(10)	—	(401,756)	—	(401,766)
Translation differences for joint ventures and associated companies	—	—	—	—	—	—	4,946	—	4,946
Change in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	—	(1,275,500)	—	—	(1,275,500)
<b>Transactions with equity holders</b>									
Lapse of share options	—	(15,517)	—	—	—	—	—	15,517	—
2022 final dividend	—	—	—	—	—	—	—	(438,605)	(438,605)
2023 interim dividend	—	—	—	—	—	—	—	(219,303)	(219,303)
<b>At 31 December 2023</b>	<b>1,801,229</b>	<b>22,453</b>	<b>99,089</b>	<b>872</b>	<b>650</b>	<b>6,936,444</b>	<b>(1,929,949)</b>	<b>35,084,009</b>	<b>42,014,797</b>
At 1 January 2022	1,792,781	43,217	99,089	872	721	6,392,122	1,051,396	34,205,795	43,585,993
<b>Comprehensive income</b>									
Profit for the year	—	—	—	—	—	—	—	1,372,387	1,372,387
<b>Other comprehensive (loss)/income</b>									
Exchange differences arising from translation	—	—	—	—	(61)	—	(2,556,121)	—	(2,556,182)
Translation differences for joint ventures and associated companies	—	—	—	—	—	—	(28,414)	—	(28,414)
Change in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	—	1,819,822	—	—	1,819,822
<b>Transactions with equity holders</b>									
Exercise of share options	8,448	(1,277)	—	—	—	—	—	—	7,171
Lapse of share options	—	(3,970)	—	—	—	—	—	3,970	—
2021 final dividend	—	—	—	—	—	—	—	(438,605)	(438,605)
2022 interim dividend	—	—	—	—	—	—	—	(219,303)	(219,303)
At 31 December 2022	1,801,229	37,970	99,089	872	660	8,211,944	(1,533,139)	34,924,244	43,542,869

## 32 BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Long-term bank loans		
Secured	1,041,969	1,467,372
Unsecured	14,140,336	13,471,557
	<b>15,182,305</b>	14,938,929
Current portion included in current liabilities	<b>(2,858,009)</b>	(2,694,892)
	<b>12,324,296</b>	12,244,037

The bank loans are repayable within the following periods:

	2023 HK\$'000	2022 HK\$'000
Within one year	2,858,009	2,694,892
Between one to two years	2,809,098	4,292,285
Between two to five years	9,484,624	7,951,752
After five years	30,574	—
	<b>15,182,305</b>	14,938,929

The carrying amounts of the bank loans approximate to their fair value based on prevailing market interest rate. The effective interest rate is approximately 4.7% (2022: 2.6%). Borrowings are within Level 2 of the fair value hierarchy.

The borrowings are denominated in the following currencies:

	2023 HK\$'000	2022 HK\$'000
Hong Kong dollar	14,140,336	13,471,557
RMB	1,041,969	1,467,372
	<b>15,182,305</b>	14,938,929

The Group has complied with the financial covenants of its borrowing facilities during the years ended 31 December 2023 and 31 December 2022.

Secured bank borrowings are pledged by investment properties and development properties (Notes 18 and 25).



### 33 DERIVATIVE FINANCIAL INSTRUMENTS

	2023 HK\$'000	2022 HK\$'000
Non-current assets — Interest rate swaps	56,965	109,982
Current assets — Interest rate swaps	9,516	2,843

The notional principal amounts of the outstanding interest rate swaps as at 31 December 2023 were HK\$2,000 million (2022: HK\$2,500 million).

### 34 DEFERRED TAXATION

	2023 HK\$'000	2022 HK\$'000
Deferred taxation assets	181,140	138,360
Deferred taxation liabilities	(2,706,818)	(2,679,471)
	<b>(2,525,678)</b>	<b>(2,541,111)</b>

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset taxation assets against taxation liabilities and when the deferred taxes relate to the same fiscal authority. The above assets/liabilities are determined after appropriate offsetting of the relevant amounts.

	Accelerated depreciation allowance HK\$'000	Fair value gains HK\$'000	Undistributed profits of subsidiaries HK\$'000	Other temporary differences HK\$'000	Total HK\$'000
At 1 January 2022	(277,683)	(1,965,158)	(462,712)	(8,551)	(2,714,104)
Exchange differences (Charged)/credited to profit and loss statement	24,071 (15,804)	170,948 90,530	36,860 (78,196)	(10,619) (44,797)	221,260 (48,267)
At 31 December 2022	(269,416)	(1,703,680)	(504,048)	(63,967)	(2,541,111)
Exchange differences (Charged)/credited to profit and loss statement	3,920 (15,132)	6,762 1,355	6,350 (6,981)	22,571 (3,412)	39,603 (24,170)
<b>At 31 December 2023</b>	<b>(280,628)</b>	<b>(1,695,563)</b>	<b>(504,679)</b>	<b>(44,808)</b>	<b>(2,525,678)</b>

Except for certain tax losses, all the other deferred taxation assets and liabilities are expected to be recovered or settled after twelve months.

### 34 DEFERRED TAXATION (cont'd)

Deferred taxation assets of HK\$240,572,000 (2022: HK\$208,347,000) arising from unused tax losses of HK\$1,268,496,000 (2022: HK\$1,038,259,000) have not been recognised in the financial statements. Unused tax losses of HK\$900,615,000 (2022: HK\$602,558,000) have no expiry date and the remaining balances have various expiry dates up to and including 2028 (2022: 2027).

Deferred taxation liabilities of HK\$65,028,000 (2022: HK\$30,940,000) arising from temporary differences associated with investments in subsidiaries have not been recognised in the financial statements, as the Group considers that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

### 35 CREDITORS, ACCRUALS AND OTHER LIABILITIES

	2023 HK\$'000	2022 HK\$'000
Trade creditors	930,604	1,491,086
Other creditors	104,852	93,094
Accrued operating expenses	455,307	615,787
Rental and other deposits received	237,104	219,438
Lease liabilities — current portion (note 19)	3,173	3,528
	<b>1,731,040</b>	<b>2,422,933</b>

The creditors, accruals and other liabilities are denominated in the following currencies:

	2023 HK\$'000	2022 HK\$'000
Hong Kong dollar	132,314	332,568
RMB	1,598,726	2,090,365
	<b>1,731,040</b>	<b>2,422,933</b>

Trade creditors mainly comprise construction cost payables and accrued operating expenses mainly comprise accrued sales commissions, sales taxes and other operating expenses. The carrying amounts of the creditors, accruals and other liabilities approximate to their fair value.



### 35 CREDITORS, ACCRUALS AND OTHER LIABILITIES (cont'd)

The aging analysis of the trade creditors of the Group based on the date of the invoices is as follows:

	2023 HK\$'000	2022 HK\$'000
Within one month	922,649	1,483,228
Two to three months	5,964	1,904
Four to six months	347	2,304
Over six months	1,644	3,650
	<b>930,604</b>	<b>1,491,086</b>

### 36 PRE-SALES DEPOSITS

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts.

Pre-sales deposits of HK\$3,224,230,000 (2022: HK\$3,163,081,000) held as at beginning of the year were recognised as sales of properties for the year ended.

The following table shows the amount of unsatisfied performance obligations resulting from property sales for contracts with an original expected duration of one year or more:

	2023 HK\$'000	2022 HK\$'000
Expected to be recognised within one year	5,656,000	3,702,000
Expected to be recognised after one year	—	4,269,000
	<b>5,656,000</b>	<b>7,971,000</b>

## 37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### (a) Reconciliation of profit before taxation to cash generated from operations

	2023 HK\$'000	2022 HK\$'000
Profit before taxation	<b>1,488,934</b>	2,068,046
Share of (profits)/losses of joint ventures	<b>(125,875)</b>	67,054
Share of losses/(profits) of associated companies	<b>2,187</b>	(8,151)
Finance costs	<b>349,469</b>	61,028
Change in fair value of investment properties	<b>(24,288)</b>	84,775
Fair value gain on transfer of development properties to investment properties	<b>(10,022)</b>	—
Depreciation of property, plant and equipment	<b>26,139</b>	25,541
Depreciation for right-of-use assets	<b>4,237</b>	7,692
Interest income from banks	<b>(178,265)</b>	(131,481)
Loss on disposal of property, plant and equipment	<b>119</b>	96
Gain on disposal of investment properties	<b>(132,282)</b>	—
Impairment of development properties	<b>107,646</b>	—
Dividend income	<b>(32,497)</b>	(48,745)
Net (gains)/losses on settlement of derivative financial instruments	<b>(60,677)</b>	10,412
Net fair value losses/(gains) on derivative financial instruments	<b>46,344</b>	(138,906)
Net fair value gains on financial assets at fair value through profit or loss	<b>(16,260)</b>	(10,547)
Operating profit before working capital changes	<b>1,444,909</b>	1,986,814
Decrease in development properties	<b>2,135,442</b>	3,622,763
Decrease in tender deposits	<b>50,000</b>	—
(Increase)/decrease in debtors and prepayments	<b>(159,847)</b>	79,410
Decrease/(increase) in restricted cash	<b>1,032,325</b>	(1,894,048)
Decrease/(increase) in inventories	<b>134</b>	(21)
Decrease in other non-current assets	<b>321,216</b>	562,941
(Decrease)/increase in pre-sales deposits	<b>(1,628,199)</b>	4,006,417
(Decrease)/increase in creditors, accruals and other liabilities	<b>(666,402)</b>	163,777
Cash generated from operations	<b>2,529,578</b>	8,528,053

**37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (cont'd)****(b) The movement of liabilities from financing activities and the repayment periods**

	<b>Borrowings</b>		<b>Total</b>
	<b>within 1 year</b>	<b>after 1 year</b>	
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	2,598,955	16,385,011	18,983,966
Exchange differences	(66,258)	(160,335)	(226,593)
Drawdowns	1,689,199	7,731,798	9,420,997
Repayments	(3,755,455)	(9,524,366)	(13,279,821)
Reclassifications	2,228,188	(2,228,188)	—
Other non-cash movements	263	40,117	40,380
At 31 December 2022	2,694,892	12,244,037	14,938,929
Exchange differences	(13,025)	(4,623)	(17,648)
Drawdowns	2,450,000	8,061,364	10,511,364
Repayments	(4,834,638)	(5,453,031)	(10,287,669)
Reclassifications	2,560,117	(2,560,117)	—
Other non-cash movements	663	36,666	37,329
<b>At 31 December 2023</b>	<b>2,858,009</b>	<b>12,324,296</b>	<b>15,182,305</b>

**38 COMMITMENTS****(a) Contracted but not provided for**

	<b>2023</b>	2022
	HK\$'000	HK\$'000
Commitments in respect of		
Property investment	<b>93,253</b>	222,787
Property development		
— subsidiaries	<b>2,600,073</b>	2,498,787
— joint ventures and associated companies	<b>3,909,832</b>	4,352,873
	<b>6,603,158</b>	7,074,447

## 38 COMMITMENTS (cont'd)

### (b) Operating lease rental receivables

The future aggregate minimum lease rental income in respect of land and buildings under non-cancellable operating leases is receivable in the following periods:

	2023 HK\$'000	2022 HK\$'000
Within one year	571,192	578,517
In the second year	360,451	382,872
In the third year	237,304	237,941
In the fourth year	104,283	127,522
In the fifth year	53,183	51,323
After five years	84,620	94,848
	<b>1,411,033</b>	1,473,023

## 39 GUARANTEES

As at 31 December 2023, the Group has executed the following guarantees in respect of loan facilities granted by banks and financial institutions:

	2023		2022	
	Outstanding HK\$'000	Utilised HK\$'000	Outstanding HK\$'000	Utilised HK\$'000
Joint ventures	9,289,011	6,152,643	9,096,232	5,520,277
Associated companies	980,000	968,675	2,664,050	1,347,330
Properties buyers (note)	517,693	517,693	1,697,188	1,697,188
	<b>10,786,704</b>	<b>7,639,011</b>	13,457,470	8,564,795

*Note:* The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties in the Mainland. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.

The Group monitors the net realisable values of the relevant properties which are subject to the fluctuation of the property market. As at 31 December 2023, no provision on the above guarantees (2022: nil) was made as the fair value of guarantees on initial recognition and the amount of provision to be recognised subsequently was insignificant.

As at 31 December 2023, the Company has executed guarantees in favour of banks in respect of loan facilities granted to certain subsidiaries, joint ventures and associated companies, amounting to HK\$28,693 million (2022: HK\$30,698 million), HK\$8,748 million (2022: HK\$8,411 million) and HK\$980 million (2022: HK\$2,664 million) respectively. Of these, facilities totaling HK\$14,453 million (2022: HK\$14,548 million), HK\$6,051 million (2022: HK\$5,453 million) and HK\$969 million (2022: HK\$1,347 million) respectively have been utilised.



#### 40 RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions between the Group and related parties, in addition to those disclosed elsewhere in the consolidated financial statements which in the opinion of the Directors, were carried out in the normal course of business during the year:

- (a) Key management personnel comprise Executive Directors of the Company and their emoluments are set out as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Fees	<b>942</b>	942
Salaries and other emoluments	<b>37,032</b>	35,928
Discretionary bonuses	<b>11,025</b>	10,734
Pension costs — defined contribution plans	<b>3,761</b>	3,651
	<b>52,760</b>	51,255

- (b) Rental income from a related company amounted to HK\$1,427,000 (2022: HK\$1,502,000) based on the terms of rental agreement between the parties.
- (c) Rental expense to related companies amounted to HK\$5,696,000 (2022: HK\$5,883,000) based on the terms of master lease agreement between the parties.

## 41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

### Balance sheet of the Company

As at 31 December 2023

	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>		
<b>Non-current asset</b>		
Subsidiaries	259,561	259,561
<b>Current assets</b>		
Amounts due from subsidiaries	4,279,886	3,943,552
Cash and bank deposits	3,172	2,806
	<b>4,283,058</b>	3,946,358
<b>Total assets</b>	<b>4,542,619</b>	4,205,919
<b>EQUITY</b>		
Share capital	313,289	313,289
Reserves (note a)	4,224,926	3,888,200
Shareholders' funds	<b>4,538,215</b>	4,201,489
<b>LIABILITY</b>		
<b>Current liability</b>		
Creditors and accruals	4,404	4,430
<b>Total equity and liability</b>	<b>4,542,619</b>	4,205,919
<b>Net current assets</b>	<b>4,278,654</b>	3,941,928
<b>Total assets less current liability</b>	<b>4,538,215</b>	4,201,489

**Lui Che-woo**  
Chairman and Managing Director

**Paddy Tang Lui Wai Yu**  
Executive Director



## 41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (cont'd)

### (a) Reserve movement of the Company

	Share premium HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>At 1 January 2023</b>	<b>1,801,229</b>	<b>37,970</b>	<b>213,560</b>	<b>13</b>	<b>1,835,428</b>	<b>3,888,200</b>
<b>Comprehensive income</b>						
Profit for the year	—	—	—	—	994,634	994,634
<b>Transactions with equity holders</b>						
Lapse of share options	—	(15,517)	—	—	15,517	—
2022 final dividend	—	—	—	—	(438,605)	(438,605)
2023 interim dividend	—	—	—	—	(219,303)	(219,303)
<b>At 31 December 2023</b>	<b>1,801,229</b>	<b>22,453</b>	<b>213,560</b>	<b>13</b>	<b>2,187,671</b>	<b>4,224,926</b>
At 1 January 2022	1,792,781	43,217	213,560	13	1,494,306	3,543,877
<b>Comprehensive income</b>						
Profit for the year	—	—	—	—	995,060	995,060
<b>Transactions with equity holders</b>						
Exercise of share options	8,448	(1,277)	—	—	—	7,171
Lapse of share options	—	(3,970)	—	—	3,970	—
2021 final dividend	—	—	—	—	(438,605)	(438,605)
2022 interim dividend	—	—	—	—	(219,303)	(219,303)
At 31 December 2022	1,801,229	37,970	213,560	13	1,835,428	3,888,200

## 42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

### (a) Subsidiaries

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of shares	Amount per share		
<b>Directly held by the Company</b>					
<b>Incorporated in the British Virgin Islands</b>					
Sutimar Enterprises Limited	Hong Kong	100	US\$1	100	Investment holding
<b>Indirectly held by the Company</b>					
<b>Incorporated in Hong Kong</b>					
Bestcode Holdings Limited	Hong Kong	1	N/A	100	Property holding
Bestford Group Limited	Hong Kong	1	N/A	100	Property development
Century Basis Limited	Hong Kong	1	N/A	100	Property development
Chely Well Limited	Hong Kong	1,000	N/A	72	Investment holding
Charmfield Pacific Limited	Hong Kong	1	N/A	100	Property development
Colour Day International Limited	Hong Kong	2	N/A	100	Investment holding
Dragon Star Pacific Limited	Hong Kong	1,000	N/A	100	Provision of financial services
Enjoy International Limited	Hong Kong	1	N/A	100	Investment holding
Faithfulink Limited	Hong Kong	1	N/A	100	Investment holding
Fortune Glow Enterprises Limited	Hong Kong	1	N/A	100	Property holding
Grand Place Limited	Hong Kong	1	N/A	100	Investment holding
Grand Spark Limited	Hong Kong	1	N/A	100	Property investment
Greenwell Investments Limited	Hong Kong	2	N/A	100	Investment holding
Goldstar Power Limited	Hong Kong	1	N/A	100	Investment holding
Goodsave International Limited	Hong Kong	1	N/A	100	Investment holding
Honorwell Enterprises Limited	Hong Kong	1	N/A	100	Property holding
Infinity Profit Limited	Hong Kong	1	N/A	100	Investment holding
Innate Power Development Limited	Hong Kong	1	N/A	100	Investment holding
K. Wah Financial Services Limited	Hong Kong	2	N/A	100	Provision of financial services
K. Wah International Development Limited	Hong Kong	1	N/A	100	Provision of financial services
K. Wah Management Services Limited	Hong Kong	100	N/A	100	Provision of management services
K. Wah Project Management Service Limited	Hong Kong	2	N/A	100	Provision of management services
K. Wah Properties Investment Limited	Hong Kong	1,000	N/A	100	Investment holding
K. Wah Stones (Holdings) Limited	Hong Kong	439,463,724	N/A	100	Investment holding
King Rays Limited	Hong Kong	2	N/A	100	Property development
Lucky Way Investment Limited	Hong Kong	2	N/A	100	Property investment
Manful Global Development Limited	Hong Kong	1	N/A	100	Property development
Max Orient Holdings Limited	Hong Kong	1,000	N/A	100	Investment holding
Mazy Asia Limited	Hong Kong	1	N/A	100	Investment holding
Minter Limited	Hong Kong	2	N/A	100	Investment holding
New Fine Limited	Hong Kong	1	N/A	100	Property development
New Regent Asia Limited	Hong Kong	1	N/A	100	Property investment
Oriental Control Limited	Hong Kong	1	N/A	100	Investment holding
Polynice Limited	Hong Kong	2	N/A	100	Provision of financial services
Powerful Wave Limited	Hong Kong	1	N/A	100	Investment holding
Pure United Limited	Hong Kong	1	N/A	100	Investment holding
Raise Corporation Limited	Hong Kong	1	N/A	100	Investment holding
Raise Union Limited	Hong Kong	1	N/A	100	Investment holding
Resources Management Limited	Hong Kong	1	N/A	100	Property holding
Richroot Development Limited	Hong Kong	1	N/A	100	Property holding
Royal Mark Investments Limited	Hong Kong	1	N/A	100	Property development
Silver Capital Overseas Limited	Hong Kong	1	N/A	100	Property investment
Sky Notion Limited	Hong Kong	1	N/A	100	Investment holding
Skyport Fareast Limited	Hong Kong	1	N/A	100	Investment holding
Tin Wah International Limited	Hong Kong	1	N/A	100	Investment holding
Turnwell Limited	Hong Kong	1	N/A	100	Investment holding
Union Profits Limited	Hong Kong	2	N/A	100	Property investment
United Best Hong Kong Limited	Hong Kong	1	N/A	60	Property development
Victory Way Limited	Hong Kong	9,901,000	N/A	99.99	Investment holding



## 42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (cont'd)

### (a) Subsidiaries (cont'd)

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of shares	Amount per share		
<b>Indirectly held by the Company</b>					
<b>Incorporated in Hong Kong</b>					
Wealthy Vision Limited	Hong Kong	1	N/A	100	Investment holding
Well Plant Limited	Hong Kong	1	N/A	100	Investment holding
Well Sense Limited	Hong Kong	1	N/A	100	Investment holding
Winway Global Development Limited	Hong Kong	1	N/A	100	Investment holding
Worldtop China Limited	Hong Kong	1	N/A	100	Investment holding
<b>Incorporated in the British Virgin Islands</b>					
			US\$		
Amazing Enterprises Limited	Hong Kong	10	1	100	Investment holding
Bestfull Profits Limited	Hong Kong	10	1	100	Investment holding
Choice Treasure Limited	Hong Kong	10	1	60	Investment holding
Greatest Smart Limited	Hong Kong	10	1	100	Investment holding
K. Wah International Financial Services Limited	Hong Kong	10	1	100	Provision of financial services
Leharne Properties Limited	Hong Kong	10	1	100	Investment holding
Million Link Group Limited	Hong Kong	1	1	100	Investment holding
Ragon Properties Limited	Hong Kong	10	1	100	Investment holding
Select Vantage Profits Limited	Hong Kong	10	1	100	Investment holding
Strategic Pioneer Limited	Hong Kong	10	1	100	Investment holding

Name of company	Principal place of operation	Registered capital	Effective percentage of equity held by the Group	Principal activities
<b>Indirectly held by the Company</b>				
<b>Incorporated in the Mainland</b>				
<b>Wholly-owned foreign enterprise</b>				
嘉華(中國)投資有限公司 (K. Wah (China) Investment Co., Ltd.)	Shanghai	US\$118,000,000	100	Investment holding
上海嘉港城房地產開發經營有限公司 (Shanghai Jia Gang Cheng Real Estate Development Co., Ltd.)	Shanghai	US\$13,000,000	100	Property investment
上海嘉申房地產開發經營有限公司 (Shanghai Jia Shen Real Estate Development Co., Ltd.)	Shanghai	US\$126,000,000	100	Property development and investment
上海嘉兆房地產開發經營有限公司 (Shanghai Jia Zhao Real Estate Development Co., Ltd.)	Shanghai	US\$119,500,000	100	Property development and investment
上海嘉敏房地產開發經營有限公司 (Shanghai Jia Min Real Estate Development Co., Ltd.)	Shanghai	US\$30,000,000	100	Property development and investment
上海嘉澤房地產開發經營有限公司 (Shanghai Jia Ze Real Estate Development Co., Ltd.)	Shanghai	RMB20,000,000	100	Property development
上海嘉爵房地產開發經營有限公司 (Shanghai Jia Jue Real Estate Development Co., Ltd.)	Shanghai	RMB600,000,000	100	Property development
上海嘉悅房地產開發經營有限公司 (Shanghai Jia Yue Real Estate Development Co., Ltd.)	Shanghai	RMB20,000,000	100	Property development
上海嘉瑤置業有限公司 (Shanghai Jia Yao Real Estate Development Co., Ltd.)	Shanghai	RMB280,000,000 (Paid up: RMB10,000,000)	100	Property investment
上海嘉熙房地產開發經營有限公司 (Shanghai Jia Xi Real Estate Development Co., Ltd.)	Shanghai	RMB258,000,000	100	Property investment
上海嘉裕駿商務管理有限公司 (Shanghai Jiayujun Business Management Co., Ltd.)	Shanghai	RMB1,000,000 (Paid up: nil)	100	Property investment
上海嘉琛裝飾設計有限公司 (Shanghai Jia Chen Decoration & Design Co., Ltd.)	Shanghai	RMB50,000,000 (Paid up: RMB35,000,000)	100	Provision of decoration services
上海嘉英物業管理有限公司 (Cresleigh Property Management (Shanghai) Co., Ltd.)	Shanghai	RMB5,000,000	100	Property management
上海曦臻煦商務管理有限公司 (Shanghai Xi Zhen Xu Business Management Co., Ltd.)	Shanghai	RMB20,000,000 (Paid up: nil)	100	Investment holding

## 42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (cont'd)

### (a) Subsidiaries (cont'd)

Name of company	Principal place of operation	Registered capital	Effective percentage of equity held by the Group	Principal activities
<b>Indirectly held by the Company</b>				
<b>Incorporated in the Mainland</b>				
<b>Wholly-owned foreign enterprise</b>				
上海曦隼凱商務管理有限公司 (Shanghai Xiyukai Business Management Co., Ltd.)	Shanghai	RMB20,000,000 (Paid up: nil)	100	Investment holding
南京嘉耀房地產開發有限公司 (Nanjing Jia Yao Real Estate Development Co., Ltd.)	Nanjing	RMB300,000,000	100	Property development and investment
南京嘉琛房地產開發有限公司 (Nanjing Jia Chen Real Estate Development Co., Ltd.)	Nanjing	RMB60,000,000	100	Property development and investment
南京嘉兆房地產開發有限公司 (Nanjing Jia Zhao Real Estate Development Co., Ltd.)	Nanjing	RMB2,500,000,000	100	Property development and investment
蘇州嘉兆房地產開發經營有限公司 (Suzhou Jia Zhao Real Estate Development Co., Ltd.)	Suzhou	RMB500,000,000	100	Property development
蘇州嘉煦房地產開發有限公司 (Suzhou Jia Xu Real Estate Development Co., Ltd.)	Suzhou	RMB100,000,000	100	Property development
廣州市嘉華花都置業有限公司 (Guangzhou Jiahua Huadu Property Development Co., Ltd.)	Guangzhou	HK\$5,000,000,000 (Paid up: HK\$488,000,000)	100	Property development and investment
廣州市泰榮商業經營管理有限公司 (Guangzhou Tairong Business Management Co., Ltd.)	Guangzhou	RMB60,000,000	100	Property investment
廣州嘉揚房地產開發有限公司 (Guangzhou Jia Yang Real Estate Development Co., Ltd.)	Guangzhou	HK\$130,000,000	100	Property development
東莞廣裕房地產開發有限公司 (Dongguan Guang Yu Real Estate Development Co., Ltd.)	Dongguan	HK\$500,000,000	100	Property development and investment
東莞嘉裕房地產開發有限公司 (Dongguan Jia Yu Real Estate Development Co., Ltd.)	Dongguan	RMB500,000,000	100	Property development
江門市嘉豐房地產開發有限公司 (Jiangmen Jia Feng Real Estate Development Co., Ltd.)	Jiangmen	HK\$18,300,000	100	Property development
江門市嘉瀚房地產開發有限公司 (Jiangmen Jia Han Real Estate Development Co., Ltd.)	Jiangmen	HK\$2,600,000,000 (Paid up: HK\$2,480,000,000)	100	Property development
<b>Cooperative joint venture</b>				
廣州匯城房地產開發有限公司 (Guangzhou Hui Cheng Real Estate Development Co., Ltd.)	Guangzhou	HK\$600,000,000	99.99	Property development and investment
<b>Equity joint venture</b>				
上海嘉匯達房地產開發經營有限公司 (Shanghai Jia Hui Da Real Estate Development Co., Ltd.)	Shanghai	US\$5,000,000	69.6	Property investment
上海凱通文安建設開發有限公司 (Shanghai Kaitong Wenan Construction Development Co., Ltd.)	Shanghai	RMB234,000,000	53.61	Property investment
上海嘉龍匯置業有限公司 (Shanghai Jia Long Hui Property Development Co., Ltd.)	Shanghai	RMB2,000,000,000	60	Property development and investment

## 42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (cont'd)

## (b) Joint Ventures

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of shares	Amount per share		
<b>Indirectly held by the Company</b>					
<b>Incorporated in Hong Kong</b>					
Ample Excellent Limited	Hong Kong	2	N/A	50	Property development
Asia Bright Development Limited	Hong Kong	10,000	N/A	22.5	Investment holding
Sky Asia Properties Limited	Hong Kong	1	N/A	22.5	Property development
Top Regent Holdings Limited	Hong Kong	90	N/A	33 $\frac{1}{3}$	Investment holding
Grand Ample Limited	Hong Kong	1	N/A	33 $\frac{1}{3}$	Property development
Gainable Development Limited	Hong Kong	10	N/A	40	Investment holding
Dragon Star H.K. Investments Limited	Hong Kong	1	N/A	40	Property development
Joy Origin Holdings Limited	Hong Kong	10	N/A	30	Investment holding
Sky Castle Limited	Hong Kong	1	N/A	30	Property development
<b>Incorporated in the Mainland</b>		Registered capital			
上海翰豐置業有限公司 (Shanghai Hanfeng Real Estate Co., Ltd.)	Shanghai		RMB163,599,961	49	Property development
南京弘威盛房地產開發有限公司 (Nanjing Hongwei Sheng Real Estate Development Co., Ltd.)	Nanjing		RMB24,000,000	33	Property development
江門市新會區駿景灣譽峰房地產有限公司 (Jiangmen Xinhui Junjingwan Yufeng Real Estate Co., Ltd.)	Jiangmen		RMB700,000,000	50	Property development
江門市新會銀湖置業有限公司 (Jiangmen Xinhui Yinhu Property Development Co., Ltd.)	Jiangmen		RMB490,000,000	30	Property development

## (c) Associated Companies (note)

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of shares	Amount per share		
<b>Indirectly held by the Company</b>					
<b>Incorporated in Hong Kong</b>					
Ultra Keen Holdings Limited	Hong Kong	1	N/A	10	Property development
Cheer Smart Investment Limited	Hong Kong	4	N/A	25	Investment holding
Dynamic Wish Limited	Hong Kong	1	N/A	25	Property development
<b>Incorporated in the British Virgin Islands</b>					
Clear Elegant Limited	Hong Kong	2,000	US\$1	10	Investment holding

*Note:* Despite less than 20% equity interest in certain companies, significant influence is exercised in the management and thus the companies have been accounted for as associated companies of the Group through the participation in their boards.

# Significant Properties

As at 31 December 2023

	Type of Property	Gross Floor Area sq. metres (Approximately)	Group's Interest %	Lease Term	Stage of Completion	Estimated Completion Date
<b>INVESTMENT AND OTHER PROPERTIES</b>						
<b>Hong Kong</b>						
K. Wah Centre 28th, 29th and 30th Floors, 191 Java Road, North Point, Hong Kong	Office	2,926	100	2106	Completed	Existing
J SENSES 60, 60A-66 Johnston Road, Wanchai, Hong Kong	Commercial	3,400	100	2054	Completed	Existing
Chantilly No. 6 Shiu Fai Terrace, Hong Kong	Residential	4,700	100	2070	Completed	Existing
Twin Peaks 9 Chi Shin Street, Tseung Kwan O, New Territories	Commercial	3,500	100	2062	Completed	Existing
K. Summit 9 Muk Tai Street, Kowloon	Commercial	1,200	100	2067	Completed	Existing
<b>Mainland</b>						
Shanghai K. Wah Centre No. 1010 Huaihai Zhong Road, Xuhui District, Shanghai	Office	72,000	69.6	2047	Completed	Existing
Stanford Residences Jing An Lane 1999, Xinzha Road, Jingan District, Shanghai	Residential	31,000	100	2072	Completed	Existing
Stanford Residences Xu Hui 236 Jianguoxi Road, Xuhui District, Shanghai	Residential	26,000	100	2065	Completed	Existing
Palace Lane 236 Jianguoxi Road, Xuhui District, Shanghai	Commercial	8,000	100	2065	Completed	Existing
EDGE 88 Xizang North Road, Jingan District, Shanghai	Office	21,000	53.61	2056	Completed	Existing
WYSH Wuyi Road, Changning District, Shanghai	Commercial/Office	13,300	100	2069 to 2073	Completed	Existing
Site XHPO-0001, D1-2&D5B-1, Huajing Town, Xuhui District, Shanghai	Commercial/Hotel	59,300	60	2063	Construction	2026 or beyond
The Peak 19 Xingxian Road, Nanjing	Commercial	8,000	100	2054	Completed	Existing
Cavendish Jiangning District, Nanjing	Commercial	7,300	100	2057	Completed	Existing
Site 2020G72, Hexi New Town, Jianye District, Nanjing	Commercial/ Office/Hotel	208,000	100	2061	Construction	2025 or beyond
K. Wah Plaza Yingbin Road, Xinhuaazhen, Huadu District, Guangzhou	Commercial/ Office/Hotel	83,000	100	2039	Completed	Existing
Cosmo Avenue Xinhuaazhen West Site, Huadu District, Guangzhou	Commercial	23,000	99.99	2038	Completed	Existing
Cove Gala 111 Jiangnan Zhong Road, Shilong Town, Dongguan	Commercial	11,600	100	2052 to 2054	Completed	Existing

## Significant Properties

As at 31 December 2023

	Type of Property	Gross Floor Area sq. metres (Approximately)	Group's Interest %	Lease Term	Stage of Completion	Estimated Completion Date
<b>DEVELOPMENT PROPERTIES</b>						
<b>Hong Kong</b>						
2 Grampian Road, Kowloon	Residential	2,000	100	2047	Completed	Existing
Grand Victoria 6 & 8 Lai Ying Street, South West Kowloon	Residential	26,700	22.5	2067	Completed	Existing
Inland Lot No. 8872, Hospital Road, Hong Kong	Residential	4,000	100	2072	Construction	2026
31-33 King's Road, Hong Kong	Residential	4,000	100	2072	Construction	2026
Grand Mayfair 29 Kam Ho Road, Kam Tin South, Yuen Long	Residential	114,800	33 $\frac{1}{3}$	2067	Construction	2024/2025
KT Marina 15 Shing Fung Road, Kai Tak	Residential	99,900	40	2069	Construction	2024/2025
New Kowloon Inland Lot No. 6554, Kai Tak Area 4A Site 2	Residential	111,900	10	2069	Construction	2024/2025
Villa Garda 1 Lohas Park Road, Tseung Kwan O	Residential	88,800	30	2052	Construction	2024/2025
LOHAS Park Package Thirteen Property Development, Tseung Kwan O	Residential	144,000	25	2052	Construction	2026
No. 30 Po Shan Road, Mid-levels, Hong Kong	Residential	3,700	50	2090	Construction	2024
<b>Mainland</b>						
Site XHPO-0001, D1-2&D5B-1, Huajing Town, Xuhui District, Shanghai	Residential/ Office	136,500	60	2073 to 2093	Construction	Residential: 2025 Others: 2026 or beyond
Cavendish 68 Nonghua Road, Jiangning District, Nanjing	Residential	13,800	100	2087	Completed	Existing
Site 2020G72, Hexi New Town, Jianye District, Nanjing	Residential/ Apartment/Office	269,000	100	2061 to 2091	Construction	Residential: 2024 Others: 2025 or beyond
Avanti National Hi-Tech District, Suzhou	Residential	53,200	100	2088	Completed	Existing
VETTA 42 Qinglonggang Road, Xiangcheng District, Suzhou	Residential	14,600	100	2089	Completed	Existing
Phases III&IV of K. Wah Plaza Huadu District, Guangzhou	Apartment	11,300	100	2039	Completed	Existing
Cosmo Xinhuazhen West Site, Huadu District, Guangzhou	Residential	Phase I: 124,800 Others: 369,000	99.99	2068	Phase I: Completed Others: Construction	Phase I: Existing Others: 2026 or beyond
Bayview Songshan Lake District, Dongguan	Residential/ Commercial	69,900	100	2058 to 2088	Completed	Existing
J City 33 Xinyuan Road/38 Zhanqianyi Road, Jianghai District, Jiangmen	Residential/ Commercial	151,400	100	2057 to 2088	Completed	Existing
Ziwei Gongguan 9 Jinhua Road, Huicheng, Xinhui District, Jiangmen	Residential	40,200	30	2088	Completed	Existing

Note: For certain properties, the floor area represents Saleable Floor Area.

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