vanke

Vanke Overseas Investment Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

2023

Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
SUN Jia (*Chairman)*
QUE Dongwu *(Chief Executive Officer)*
(resigned with effect from 1 August 2023)
YIP Hoi Man *(Chief Executive Officer)*
(appointed with effect from 1 August 2023)
DING Changfeng
ZHOU Yue (resigned with effect from 1 August 2023)

Non-Executive Director
Han Huihua (appointed with effect from 1 August 2023)

Independent Non-Executive Directors
CHOI Fan Wai
LAW Chi Yin, Cynthia
ZHANG Anzhi

AUDIT COMMITTEE
CHOI Fan Wai (*Chairman)*
LAW Chi Yin, Cynthia
ZHANG Anzhi

REMUNERATION COMMITTEE
ZHANG Anzhi *(Chairman)*
QUE Dongwu (resigned with effect from 1 August 2023)
YIP Hoi Man (appointed with effect from 1 August 2023)
CHOI Fan Wai

NOMINATION COMMITTEE
LAW Chi Yin, Cynthia *(Chairman)*
SUN Jia
ZHANG Anzhi

COMPANY SECRETARY
YIP Hoi Man (resigned with effect from 1 August 2023)
LAI Ivy (appointed with effect from 1 August 2023)

AUDITOR
KPMG
(Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)

LEGAL ADVISORS TO THE COMPANY
Reed Smith Richards Butler LLP *(as to Hong Kong law)*
Maples and Calder (Hong Kong) LLP
(as to Cayman Islands law)

PRINCIPAL BANKER
Bank of China (Hong Kong) Limited

REGISTERED OFFICE
P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS
Room A, 43rd Floor, Bank of China Tower
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Central
Hong Kong

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Computershare Hong Kong Investor Services Limited
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Wan Chai
Hong Kong

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Sun Jia, aged 46, was appointed an Executive Director and the Chairman of the Vanke Overseas Investment Holding Company Limited (the "Company", together with its subsidiaries, the "Group") in November 2021. He is also a member of the Nomination Committee of the Company. Mr. Sun joined China Vanke Co., Ltd. ("China Vanke"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 2202) and a controlling shareholder of the Company in 2007, and became the general manager of its strategy and investment management department in 2008. In 2010, he was appointed as the general manager of Xi'an Vanke Company Limited. He had been the general manager of Shanghai Vanke Company Limited since 2012, and was appointed as a Vice President of China Vanke in 2015. In March 2016, he was appointed as the Executive Vice President, the Supervisor of Finance and the Chief Financial Officer of China Vanke. In May 2019, he was appointed as the Chief Partner and Chief Executive Officer of Southern Regional Business Group, and Chief Partner of Shenzhen Vanke of China Vanke. He is currently the Chief Partner and the Managing Director of the Commercial Business Group of China Vanke. Mr. Sun graduated from the School of Economics, Peking University with a bachelor's degree in 2001. In 2007, he graduated from Harvard Business School with a master's degree in business administration.

Ms. Yip Hoi Man, aged 41, was appointed as the Chief Executive Officer of the Company and an Executive Director in August 2023. She is also a member of the Remuneration Committee of the Company. Ms. Yip joined Vanke Property (Hong Kong) Company Limited ("VPHK") in 2014 and has been responsible for the finance, taxation and internal control related matters. Since December 2017, Ms. Yip has successively held the positions of Financial Controller, Chief Financial Officer and Company Secretary (the "Company Secretary") of the Company. She is currently the Chief Partner of the Overseas Business Unit of China Vanke, and also the managing director of VPHK. She is currently a director of various subsidiaries of the Company and various subsidiaries of China Vanke. Prior to joining VPHK, Ms. Yip worked at Deloitte Touche Tohmatsu for 9 years. Ms. Yip graduated with a bachelor's degree of business administration and accounting and finance in 2004 from the University of Hong Kong. Ms. Yip is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ding Changfeng, aged 54, was appointed an Executive Director of the Company in May 2022. Mr. Ding joined China Vanke in 1992. In January 2000, he was appointed as the general manager of Shanghai Vanke Company Limited and became the Vice President of China Vanke in 2001. In November 2005, he became the general manager of Northern Regional Business Group of China Vanke. He is currently the Chief Executive Officer of the Hotels and Resorts Business Unit of China Vanke and also acts as a director of various subsidiaries and associated companies of China Vanke. Since November 2020, he has been serving as a non-executive and non-independent director of Banyan Tree Holdings Limited, the shares of which are listed on the Singapore Stock Exchange (Singapore stock code: B58). Mr. Ding graduated from the School of International Politics with a bachelor's degree in 1991 and a master's degree in global economics in 1998, both from Peking University.

NON-EXECUTIVE DIRECTOR

Ms. Han Huihua, aged 41, was appointed a Non-Executive Director of the Company in August 2023. Ms. Han joined China Vanke in 2008, and successively held positions of business manager, assistant general manager and vice general manager of finance and internal control department, and central partner of financial management functions in the management center of China Vanke. Ms. Han has been serving as the Executive Vice President and the head of finance of China Vanke since March 2020. Currently, she also serves as a shareholder representative supervisor of Onewo Inc. (a company listed on the Stock Exchange, stock code: 2602). Ms. Han graduated from the University of Science and Technology of China with a bachelor's degree in administration in 2003, and Jiangxi University of Finance and Economics with a master's degree in administration (majoring in accounting) in 2008. Ms. Han is a non-practising member of the Chinese Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Choi Fan Wai, aged 54, was appointed an Independent Non-Executive Director of the Company in May 2021. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Choi has more than 30 years of experience in the audit and financial services industry. Mr. Choi worked for Deloitte Touche Tohmatsu since January 1998 and was admitted as a partner of Deloitte Touche Tohmatsu in June 2005 until December 2006. Mr. Choi has also profound professional experience in asset management services, including through his prior work at JP Morgan Asset Management, a subsidiary of JP Morgan Chase & Co. (a company whose shares are listed on the New York Stock Exchange, ticker symbol: JPM), from 2007 to 2008, Elmore Capital Limited (a formerly licensed corporation under the SFO) which was subsequently restructured to become Wolver Hill Asset Management Asia Limited (a licensed corporation under the SFO), between 2009 and 2017, and Crowe (HK) CPA Limited from 2017 to 2020. Mr. Choi is currently a director, a responsible officer and a partner of AIM Capital Consortium Limited (a licensed corporation under the SFO). Mr. Choi graduated from The Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy in 1991. He is currently a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of Institute of Chartered Accountants in England and Wales.

Ms. Law Chi Yin, Cynthia, aged 58, was appointed an Independent Non-Executive Director of the Company in May 2015. She is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. Ms. Law has over 25 years of experience in banking and finance. Ms. Law joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in 1987 and worked there until her recent retirement as the Managing Director and Deputy Head of Global Banking of HSBC, China in August 2014. Ms. Law is a veteran banker possessing banking, capital markets and management experience across HSBC's key global businesses including retail banking and wealth management, commercial banking, global trade and receivable finance and had, since 1996, been specialised in global banking and markets in Mainland China. She is currently an adviser to JL Capital Family Office Pte. Ltd., a Singapore based fund management company, in relation to their China related investments. Ms. Law graduated from the University of Toronto with a double major degree in computer science for data management and commerce. She is a chartered financial analyst.

Mr. Zhang Anzhi, aged 52, was appointed an Independent Non-Executive Director of the Company in March 2019. He is also the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Zhang has extensive experience in investment banking, corporate finance, investment and general management. Mr. Zhang worked at Deutsche Bank Aktiengesellschaft from 2009 to 2018, during which period he served in various management positions and his last position was a managing director and vice chairman of Greater China Corporate Finance. Prior to that, he worked at Merrill Lynch (Asia Pacific) Limited from 2004 to 2009 and his last position was a director and the Head of Corporate Finance China. Before joining Merrill Lynch, Mr. Zhang worked at J.P. Morgan plc and HSBC as an investment banker.

Management Discussion and Analysis

BUSINESS REVIEW

Overview

Year 2023 was a year of recovery as the global economy was facing multiple challenges. These challenges included interest rates remaining high, tightening monetary policies and geopolitical tensions. These challenges affected numerous economies and their financial systems, resulting in global financial instability. Such crisis resulted in disruptions in credit availability and reduction in consumer spending, adding significant uncertainty to the economic growth.

Such crisis also weighed on the property market. It has become more difficult for potential property buyers to obtain mortgages or secure financing against this background, leading to decreased demand for properties and affecting the overall health of the property markets. The property market in Hong Kong also faced a squeeze from sluggish sales, increasing funding costs and tightening liquidity.

The Group recorded a profit attributable to the shareholders of the Company for the year of approximately HK$27.7 million (2022: HK$28.2 million), representing a decrease of approximately 2% which was not a material change during the year.

During the year, the Group continued to hold various equity interests or investment instruments (as the case may be) in certain properties in Hong Kong, San Francisco and New York in the United States of America (the "US") (collectively, the "Investments"). These Investments have been summarised in the table as follows:

Location/project	Effective interest	Segment	Type	Status
Various units and car park spaces of Regent Centre 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong ("Regent Centre")	100%	Property investment	Industrial	Leasing stabilised
62, 64, 66 and 68 Chun Yeung Street, Hong Kong ("The Stellar")	100%	Property development	Hotel and serviced apartments	Completed and began operation in September 2023
No. 221-233 Yee Kuk Street, Sham Shui Po, Hong Kong ("Bondlane I")	100%	Property development	Residential	Under development
Sha Tin Town Lot No. 643, located at Hin Wo Lane, Sha Tin, New Territories, Hong Kong (the "Hin Wo Lane Property")	50%	Property development	Residential	Under development
657 and 663–667 Mission Street, San Francisco, California, the US ("Mission")	45%	Property development	Commercial	Completed
Investment instruments ("Investment Instruments") for funding the development of the property located at 25 Park Row, New York, the US ("Park Row")	49%	Property development	Investment instrument	Exited

BUSINESS REVIEW *(continued)*

Overview *(continued)*

During the year under review, the Group's revenue is derived from the leasing of units and car parking spaces in Regent Centre, the leasing of hotel rooms and serviced apartments in The Stellar (which was completed and opened in September 2023), interest from the Investment Instruments and provision of asset management services (the "Management Services"). Revenue for the year was approximately HK$364.3 million (2022: HK$353.2 million), representing an increase of approximately 3%. The increase was mainly due to the combined effect of (i) the decrease in interest income on the Investment Instruments due to the collection of principals on the Investment Instruments during the year which led to the decrease in the amounts of principals; (ii) the increase in revenue generated from The Stellar due to the soft opening in September 2023; and (iii) the increase in revenue generated from the asset management services.

The Group's investment in Regent Centre was at a fair value of HK$1,993.1 million as at 31 December 2023 (31 December 2022: HK$1,994.3 million). There has been no change in the valuation methodology of the Group's investment properties. Part of the Group's investment in Regent Centre was disposed of during the year. After netting off the fair value of such part of Regent Centre that was disposed of Regent Centre of approximately HK$57.4 million (2022: nil) and the additions to investment properties of approximately HK$1.9 million (2022: nil), the fair value gain amounted to approximately HK$54.3 million (2022: nil).

Asset management

The Group provides Management Services to the VPHK Parties with respect to VPHK Parties' projects in Hong Kong, the United Kingdom (the "UK") and the US. In return, the Management Service fees were charged by the Group calculated at (i) 1.25% per annum of the total capital of the relevant projects invested by VPHK Parties in the UK and the US; and (ii) 1.8% per annum of the total capital of the relevant projects invested by VPHK Parties in Hong Kong. Revenue from the provision of asset management services during the year amounted to approximately HK$216.2 million (2022: HK$200.4 million), representing an increase of approximately 8%. The increase was due to the new asset management agreement becoming effective during the year.

Segment profit from the provision of asset management services increased to approximately HK$62.7 million for the year ended 31 December 2023 (2022: HK$38.3 million), mainly due to the decrease in direct operating expenses of the asset management teams and the increase in revenue from management services rendered under the new asset management agreement during the year.

Property investment

The Group's investment properties comprise various portions of Regent Centre, which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong. A portion of Regent Centre was disposed by the Group during the year and net gain on such disposal of approximately HK$13.7 million was recorded. As at 31 December 2023, the Group owns a total gross floor area of approximately 637,000 square feet (2022: 657,000 square feet), representing 62% (2022: 64%) of the total gross floor area of Regent Centre.

Occupancy rate of Regent Centre was 93% as at 31 December 2023 (31 December 2022: 95%) and monthly passing rent was HK$9.6 per square foot as at 31 December 2023 (31 December 2022: HK$9.5 per square foot). Apart from monthly rent, the tenants are responsible for payment of a property management fee to the landlord, whose income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of units and car parking spaces during the year was approximately HK$97.3 million (2022: HK$98.1 million).

Segment profit before change in fair value of investment properties of the Group amounted to approximately HK$47.4 million for the year (2022: HK$78.9 million), representing a decrease of approximately 40%. The decrease was mainly due to the gain on the disposal of Ryder Court recorded during the year ended 31 December 2022, but not during the year.

BUSINESS REVIEW *(continued)*

Property development

The Group's property development projects comprise (i) investment in the development of the West Rail Tsuen Wan West Station TW6 property development project (the "TW6 Project" and also known as "The Pavilia Bay"); (ii) investment in Mission; (iii) participation in the Investment Instruments for funding the development of Park Row; (iv) the development of The Stellar; (v) the development of Bondlane I; and (vi) investment in the development of the Hin Wo Lane Property.

One of the Group's property development projects is represented by investment in Ultimate Vantage Limited ("Ultimate Vantage"), a 20% associate of the Group. Ultimate Vantage is a special purpose vehicle established in January 2013 for the development of The Pavilia Bay. Up to the date hereof, all units have been sold at gross proceeds of approximately HK$10.1 billion and all of the sold units of The Pavilia Bay have been handed over to the buyers.

Gold Value Limited ("Gold Value"), a 20% associate of the Group, was formed by the Group and the joint venture partner in Ultimate Vantage (the "TW6 Partner") in November 2016 for the purpose of providing first and second mortgage financing to the buyers of the TW6 Project on market terms. Finance for the business of Gold Value is provided by the Group and the TW6 Partner by way of interest-bearing shareholder's loans on a several basis and in proportion to each of the parties' shareholding interest in Gold Value.

The Group's total investment in Ultimate Vantage and Gold Value (collectively, the "TW6 Associates"), comprising the share of net assets of the Group in the TW6 Associates as well as an amount due from Gold Value, amounted to approximately HK$170.0 million as at 31 December 2023 (31 December 2022: HK$180.1 million). The decrease in total investment of the Group during the year was mainly due to the combined effect of (i) partial repayment of amount due from Gold Value of approximately HK$10.3 million (out of the repayment of mortgages by the buyers of The Pavilia Bay to Gold Value); and (ii) the Group's share of profit of TW6 Associates which amounted to approximately HK$0.2 million for the year (2022: HK$29.4 million). The decrease in share of profit was mainly due to the reversal of over-accrued constructions costs in recorded 2022 but not during the year.

Another of the Group's property development projects is represented by investment in 657–667 Mission Street Venture LLC, a 45% associate of the Group, and its subsidiaries (collectively, the "Mission Street Group"). The Mission Street Group owns Mission with a total gross floor area of approximately 155,000 square feet.

During the year, the Group had shared a loss of HK$130.4 million (2022: HK$67.0 million) from Mission Street Group. The increase in share of loss was mainly due to the combined effect of (i) the increase in interest expense of Mission due to the increase in bank interest rate during the year; and (ii) the decrease in fair value of Mission during the year resulting from various local market factors in San Francisco in the US.

The Group's another property development project is represented by the participation in 49% effective interest in the Investment Instruments for funding the development of Park Row held by Supreme J Limited, an indirect wholly-owned subsidiary of the Company. The revenue generated from the Investment Instruments during the year amounted to approximately HK$40.6 million (2022: HK$51.4 million), representing a decrease of approximately 21%. The decrease was due to the collection of principals on the Investment Instruments during the year which led to the decrease in the amounts of principals. The principals on the Investment Instruments have been fully recovered during the year, and as at 31 December 2023, the Group no longer had any interest in the Investment Instruments.

BUSINESS REVIEW *(continued)*

Property development *(continued)*

The Group owns the entire equity interest in The Stellar. The Stellar has been redeveloped into hotel and serviced apartments and the completion of the development during the year is in accordance with the development plan. The soft opening of The Stellar was launched in September 2023. The revenue generated from The Stellar during the year amounted to approximately HK$10.2 million (2022: nil)

The Group also owns the entire equity interest in Bondlane I and 50% effective interest in the Hin Wo Lane Property. Bondlane I and the Hin Wo Lane Property are being redeveloped into residential properties and are both under development during the year in accordance with the development plan.

Segment loss amounted to approximately HK$125.4 million for the year (2022: HK$39.9 million). The increase in loss was mainly due to the decrease in fair value of Mission during the year resulting from various local market factors in San Francisco in the US.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were approximately HK$10.2 million during the year (2022: HK$22.0 million). The decrease was mainly due to the legal and professional fees arising from the disposal of Ryder Court recorded during the year ended 31 December 2022, but not during the year.

Finance income

Finance income for the year amounted to approximately HK$18.3 million (2022: HK$8.3 million), comprising interest income on bank deposits and bank balances of HK$16.8 million (2022: HK$6.6 million) and interest income on shareholders' loans due from Gold Value amounted to approximately HK$1.5 million (2022: HK$1.7 million). The increase in finance income was mainly due to the increase in bank interest rates during the year.

FINANCIAL REVIEW

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to approximately HK$4,295.6 million as at 31 December 2023 (31 December 2022: HK$4,301.9 million). The decrease was due to the equity attributable to the shareholders of the Company for the year of HK$28.8 million less a payment of 2022 final dividend of HK$35.1 million.

The Group's interest-bearing bank and other borrowings of approximately HK$385.4 million as at 31 December 2023 (31 December 2022: HK$657.7 million) were mainly denominated in Hong Kong dollars. The bank loans of HK$367.1 million (31 December 2022: HK$645.7 million) were arranged on a floating rate basis, while the lease liabilities of HK$18.3 million (31 December 2022: HK$12.0 million) were arranged on a fixed rate basis. The decrease was mainly due to the partial repayment of bank loan during the year.

FINANCIAL REVIEW *(continued)*

Liquidity and financial resources *(continued)*

The Group has a banking facility amounting to HK$721.2 million (31 December 2022: HK$1,000.0 million) in which approximately HK$367.6 million (31 December 2022: HK$646.4 million) has been utilised as at 31 December 2023.

After deducting other borrowing costs capitalised of approximately HK$0.5 million (31 December 2022: HK$0.7 million), the total outstanding bank loan was approximately HK$367.1 million (31 December 2022: HK$645.7 million). The maturity profile of this bank loan is set out in note 22 to the financial statements. As at 31 December 2023, the maturity profile of the outstanding bank loan was as follows:

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
After 1 year but within 2 years	**367,058**	–
After 2 years but within 5 years	**–**	645,670
	367,058	645,670

As at 31 December 2023, the debt-to-equity ratio of the Company, which is calculated as interest-bearing bank and other borrowings divided by total equity of the Group, was 9.0% (31 December 2022: 15.3%). The ratio of net debts (interest-bearing bank and other borrowings net of bank balances and cash) divided by total equity was nil (31 December 2022: 1.7%). The decrease in the ratios is primarily due to the partial repayment of bank loan during the year.

The Group's bank balances and cash amounted to HK$610.3 million as at 31 December 2023 (31 December 2022: HK$585.1 million). The Stellar and Bondlane I are free from encumbrances for the time being which can be leveraged to raise funds and bring in additional cash resources to the Group as and when required. Taking these into account, it is expected that the Group should have sufficient working capital for its current requirements.

Risk of fluctuations in exchange rates

As the Group operates in Hong Kong, the US and the UK, all its assets and liabilities are denominated in Hong Kong dollar, the US dollar and pound sterling. The Group will monitor the foreign exchange exposures and take appropriate measures from time to time in order to minimise the Group's foreign exchange exposures.

FINANCIAL REVIEW *(continued)*

Capital commitments

The Group had a contractual commitment of HK$6.9 million as at 31 December 2023 (31 December 2022: HK$98.3 million) in respect of capital expenditure to be incurred in the development of The Stellar.

Contingent liabilities and financial guarantees

As at 31 December 2023, a wholly-owned subsidiary of the Company engaging in the business of property investment has been granted a banking facility of HK$721.2 million (31 December 2022: HK$1,000.0 million), of which HK$367.6 million (31 December 2022: HK$646.4 million) has been utilised, which is subject to a guarantee given by the Company to the bank for up to 100% (31 December 2022: 100%) of the fund drawn down.

As at 31 December 2023, a joint venture company indirectly held as to 50% by the Company engaging in the business of property development has been granted term loan facilities of HK$744.6 million (31 December 2022: nil), of which HK$314.8 million (31 December 2022: nil) has been utilised, which is subject to a guarantee given by the Company, in accordance with the relevant joint venture agreement, to the bank for up to 50% (31 December 2022: nil) of the fund drawn down.

Pledge of assets

As at 31 December 2023, the Group's secured bank loan was secured by the following assets of the Group:

(i) the entire share capital of Access Rich Limited, Cheer Win Limited, Chericourt Company Limited, WK Parking Limited and WK Property Financial Limited (collectively, the "Regent Centre Companies"), subsidiaries which holds Regent Centre;

(ii) the entire share capital of Future Best Developments Limited, the holding company of the Regent Centre Companies; and

(iii) floating charge over all the rental related receivables of the Regent Centre Companies.

Significant investments held, material acquisitions and disposals of subsidiaries and associates

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associates by the Group during the year.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs")

The Directors manage the business of the Group through a number of KPIs as below.

(i) Occupancy rates of Regent Centre and The Stellar

- Definition and calculation: Occupancy rate is a measure of leasing performance. Occupancy rate for Regent Centre is defined as gross floor area that have been rented out as a percentage of total gross floor area available for renting whereas occupancy rate for The Stellar is defined as the number of rooms sold as a percentage of the number of rooms available.

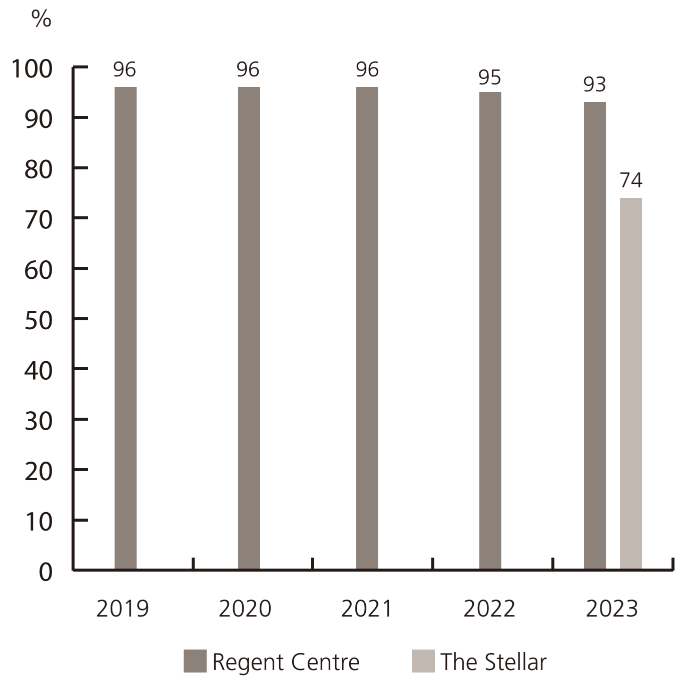
- Purpose: Occupancy rate is a key driver in maintaining revenue.

- Source of underlying data: Internal company data.

- Quantified KPI data: The graph below shows (i) the year-end occupancy rate of Regent Centre in the last five years (the "Relevant Period") – 2019: 96%, 2020: 96%, 2021: 96%, 2022: 95%, 2023: 93%; and (ii) the average occupancy rate of The Stellar since the soft opening in September 2023 – 2023: 74%.

- Development in 2023: The occupancy rate of Regent Centre remained stable during the year.

Occupancy rate



- No changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(ii) Passing rent of Regent Centre

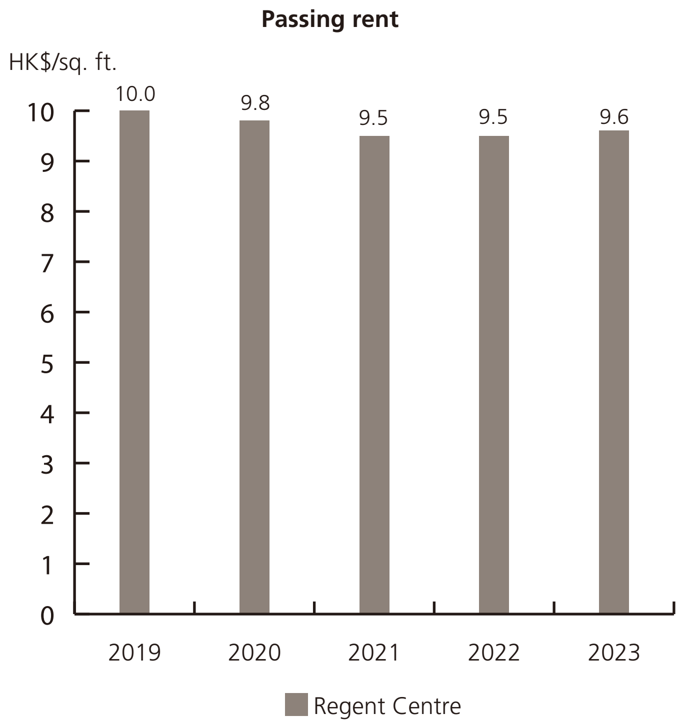
- Definition and calculation: Passing rent is another measure of leasing performance. It is defined as the average rental rate of existing tenancies weighted by gross floor area.

- Purpose: Passing rent is a key driver in achieving revenue growth.

- Source of underlying data: Internal company data.

- Quantified KPI data: The graph below shows the passing rent of Regent Centre at the end of each financial year during the Relevant Period – 2019: HK$10.0 per sq. ft., 2020: HK$9.8 per sq. ft., 2021: HK$9.5 per sq. ft., 2022: HK$9.5 per sq. ft., 2023: HK$9.6 per sq. ft.

- Development in 2023: The passing rent of Regent Centre remained stable during the year.



- No changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(iii) Average room rate of The Stellar

- Definition and calculation: average room rate is another measure of leasing performance. It is defined as the revenue generated from The Stellar weighted by the number of room nights sold.

- Purpose: Average room rate is a key driver in achieving revenue growth.

- Source of underlying data: Internal company data.

- Quantified KPI data: The average room rate of The Stellar since the soft opening in September 2023 was HK$805.

- Development in 2023: The soft opening was launched in September 2023.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(iv) Cost of services to revenue ratio

- Definition and calculation: Cost of services to revenue ratio measures the operation efficiency by expressing cost of services as a percentage of revenue.

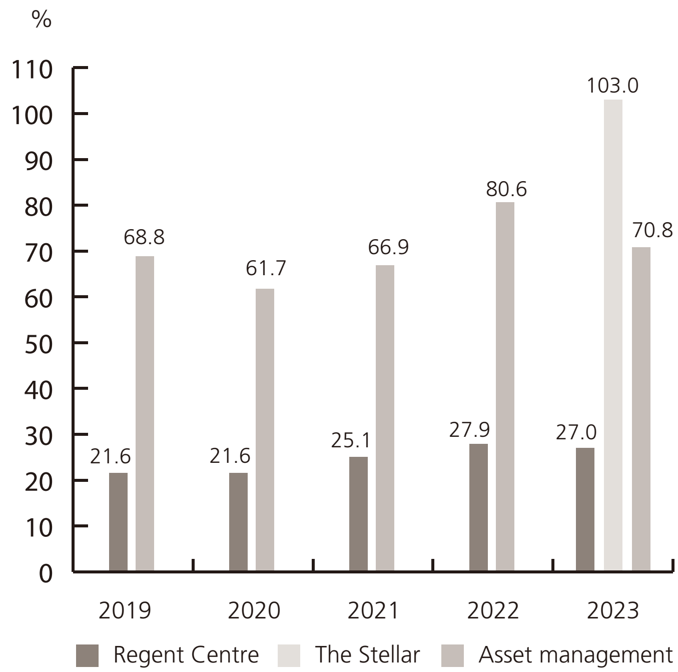
- Purpose: It is a cost control tool, which reflects the direct cost incurred in generating every dollar of revenue.

- Source of underlying data: Figures from the financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (on or before 31 December 2019) or International Financial Reporting Standards ("IFRSs") (as from 1 January 2020).

- Quantified KPI data: The graph below shows the cost of services to revenue ratio for (i) Regent Centre during the Relevant Period – 2019: 21.6%, 2020: 21.6%, 2021: 25.1%, 2022: 27.9%, 2023: 27.0%; (ii) The Stellar since the soft opening in September 2023 – 2023: 103.0%; and (iii) asset management business for each the financial year since the Group began providing asset management services since 30 June 2019 – 2019: 68.8%, 2020: 61.7%, 2021: 66.9%, 2022: 80.6%, 2023: 70.8%.

- Development in 2023: The cost of services to revenue ratio for Regent Centre remained stable during the year. The higher cost of services to revenue ratio for The Stellar was due to the higher costs incurred during the soft opening stage. The cost of services to revenue ratio for the provision of asset management services has decreased mainly due to the decrease in direct operating expenses of the asset management teams and the effectiveness of the new asset management agreement during the year.

Cost of services to revenue ratio



- Save for the change from HKFRSs to IFRSs mentioned herein, no changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(iv) Gearing ratio

- Definition and calculation: Gearing ratio is a measure of financial leverage, demonstrating the degree to which the Group's activities are funded by interest-bearing debts. It is calculated by first subtracting the bank balances and cash from total interest-bearing debts and then divided the figure by equity attributable to shareholders of the Company.

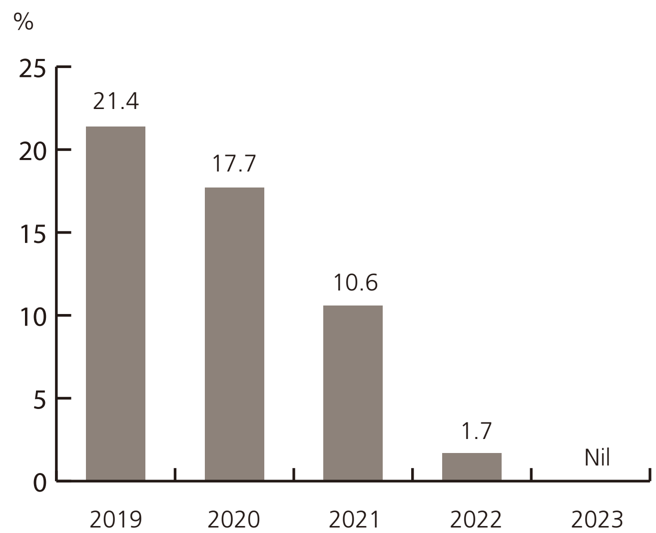
- Purpose: The Group carefully manages its gearing ratio to strike a balance of obtaining funds through debt financing while maintaining its financial health.

- Source of underlying data: Figures from the financial statements prepared in accordance with HKFRSs (on or before 31 December 2019) or IFRSs (as from 1 January 2020).

- Quantified KPI data: The graph shows below the gearing ratio of the Group at the end of each financial year during the Relevant Period – 2019: 21.4%, 2020: 17.7%, 2021: 10.6%, 2022: 1.7%, 2023: nil.

- Development in 2023: The gearing ratio of the Group decreased as a result of the partial repayment of bank loan during the year.

Gearing ratio



- Save for the change from HKFRSs to IFRSs mentioned herein, no changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(v) Return on equity

- Definition and calculation: Return on equity measures the efficiency of the Group at generating profits from each dollar of shareholder equity. It is calculated by dividing profit attributable to shareholders of the Company by average shareholders' equity.

- Purpose: The Group aims to satisfy shareholders' expectation by delivering a stable return on equity.

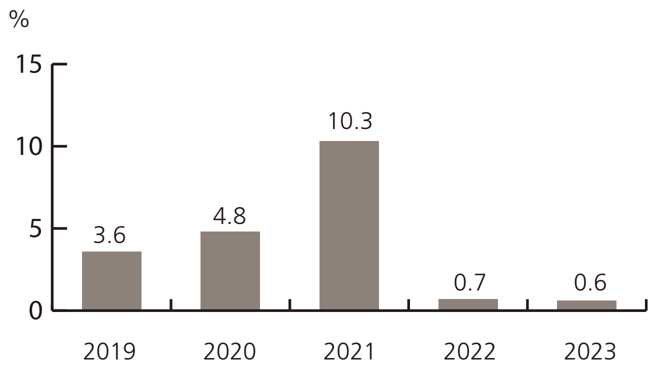
- Source of underlying data: Figures from the financial statements prepared in accordance with HKFRSs (on or before 31 December 2019) or IFRSs (as from 1 January 2020).

- Reconciliation of financial statement information: Average shareholders' equity = Weighted average of share capital and share premium during the year + (Opening balance of other reserves plus closing balance of other reserves)/2

- Quantified KPI data: The graph shows below the return on equity of the Group at the end of each financial year during the Relevant Period – 2019: 3.6%, 2020: 4.8%, 2021: 10.3%, 2022: 0.7%, 2023: 0.6%.

- Development in 2023: There was no material change during the year.

Return on equity



- Save for the change from HKFRSs to IFRSs mentioned herein, no changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Principal risks and uncertainties

The Group's businesses, results of operations, financial conditions and prospects are subject to risks and uncertainties, which may or may not be controlled by the Group. The factors below set out those risks and uncertainties, which in the opinion of the Directors principally affect the Group's businesses, results of operations, financial conditions or prospects. Such factors are by no means exhaustive. There may be other risks and uncertainties which are not identified for the time being or turn out to be material in the future.

(i) Economic conditions and property market in Hong Kong and the US

Part of the Group's revenue and operating profit are derived from the leasing of the properties in Hong Kong. The Group also shares results of the Mission Street Group which owns a property in San Francisco, the US. As a result, the performance of the Group is currently susceptible to the economic conditions in Hong Kong, and the US, particularly the performance of the property market. Any adverse changes in the social, political, economic and legal environments in the relevant markets, unfavorable government policies on the property market, increase in supply of properties, global financial crisis or interest rate hikes may adversely affect the relevant property market. These factors are beyond the control of the Group and, may adversely affect the revenue and profitability of the Group and thus the value of the Group's properties.

(ii) Business partners

The leasing and management of the units and car parking spaces in Regent Centre and the leasing and management of the rooms in The Stellar are conducted by independent service providers under close supervision of the Group's management. However, there can be no assurance on the performance of the leasing agent. Any underperformance of the leasing agent may potentially lead to drop in property occupancy and passing rent, chances of inadequate property maintenance and/or repairs of damaged property facilities and increased tenant dissatisfaction, resulting in an adverse impact on revenue and profitability of the Group and thus the value of Regent Centre and The Stellar.

In addition, our business partners may have economic or business interests or goals that are inconsistent with those of the Group, take action contrary to the Group's policies and objectives, be unable or unwilling to fulfil their contractual obligations or cease to provide services out of their own accord. These factors may result in an adverse impact on the Group's businesses, results of operations, financial conditions or prospects.

(iii) Financial resources to fund property acquisitions

Property development and property investment are capital intensive. The Group's ability to obtain funding for property acquisition and development is dependent on a number of factors such as general economic conditions, the Group's financial performance, willingness of banks to lend and/or investors to invest and monetary policies in Hong Kong and the US, which are predominately beyond the control of the Group. As a result, there can be no assurance that the Group will obtain funding from the capital or debt markets on commercially reasonable terms or at all. This may potentially lead to increased funding costs and perhaps an inability to capitalise on potential investment opportunities.

(iv) Staff continuity

The operation of the Group will continue to be dependent on the services of its employees. Competition for skilled and experienced workforce is intense in the property industry. Any significant staff turnover with no suitable replacements being identified in a timely manner may cause disruption to the Group's businesses. The ability of the Group to expand may also be hindered if the Group is unable to identify, hire, train and retain suitably skilled and qualified employees for its businesses.

FINANCIAL REVIEW *(continued)*

Principal risks and uncertainties *(continued)*

(v) Reputation risk

The Group may be involved from time to time in dispute with various parties in the development, leasing and management of the Group's properties, including contractors, suppliers, property managers, tenants and the joint venture partners. The operation of the Group is also subject to compliance of applicable external rules, regulations, laws and standards. Any non-compliance with law or dispute with stakeholders may potentially result in damage to the Group's reputation, disruption to the Group's businesses, financial loss and diversion of resources and management attention.

(vi) Competing interests

At present, China Vanke has two investment platforms for its property businesses in Hong Kong and the US, namely (a) the Group, in which China Vanke has an indirect shareholding interest of 75%, and (b) VPHK, in which China Vanke has an indirect shareholding interest of 100%.

Mr. Sun Jia, an Executive Director of the Company, is also the Chief Partner and Managing Director of the Commercial Business Group of China Vanke. Ms. Yip Hoi Man, an Executive Director, the Chief Partner of the Overseas Business Unit of China Vanke, the managing director of VPHK and a director of various subsidiaries of China Vanke. Mr. Ding Changfeng, an Executive Director, is currently the Chief Executive Officer of the Hotels and Resorts Business Unit of China Vanke and also acts as a director of various subsidiaries and associated companies of China Vanke. Ms. Han Huihua, a Non-Executive Director of the Company, has been serving as the Executive Vice President and the head of finance of China Vanke since March 2020. As a result, the Group and VPHK may compete with each other in their property businesses in Hong Kong and the US.

For the environmental, social and governance risks, please refer to the separately published environmental, social and governance report of the Company for the year ended 31 December 2023.

The Group has formulated a risk management policy having considered the requirements regarding internal control contained in the Corporate Governance Code contained in Appendix C1 (formerly known as Appendix 14) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A risk management system has been established to provide the Board of Directors and the management an effective oversight of the risks the Group is facing, promote accountability across the organisation and ensure efficient controls are in place to mitigate the top risks the Group is facing. Key risk indicators have also been established for the purpose of enhancing the Board's oversight of key risk exposures, monitoring fluctuations in the levels of risk exposure and contributing to the early warning signals that enable the Company to report risks, prevent crises and take mitigation measures in time.

FINANCIAL REVIEW *(continued)*

Environmental policies

The Group is committed to build a better environment by adopting an environmental-friendly approach in its business operation. The Group is committed to complying with all applicable environmental laws and regulations in conducting its business. The Group aims to reduce emissions and optimise resources utilisation in its operation through the following approaches:

(i) Enhancing the efficiency of use of resources in the Group's business operation;

(ii) Adopting the use of energy-efficient equipment across the Group's properties and offices;

(iii) Encouraging employees to minimise their daily use of resources such as electricity;

(iv) Engaging tenants to adopt environmental-friendly initiatives to minimise their use of resources such as water and electricity consumption;

(v) Providing support to tenants on environmental-friendly practices, for example, provision of recycling facilities;

(vi) Encouraging contractors and/or service providers to adopt environmental-friendly practices in their design, services and products;

(vii) Undertaking property development projects which is conducive to environmental protection and to obtain environmental certification such as BEAM Plus, LEED, China GBL, and other equivalent green building labels, where practicable; and

(viii) Encouraging responsible investment by taking sustainability considerations into the Group's investment decisions, where practicable.

The Group favours service providers, contractors, suppliers and business partners who follow environmental-friendly practices in providing their design, services and products and will continue to promote environmental awareness among the Group's key stakeholders, including tenants, business partners, shareholders and employees, through ongoing communication and engagement.

During the year, the Group was not aware of any environmental laws or regulations that might have a material impact on the property rental and management business of the Group or any non-compliance with any relevant environmental laws that might have a significant impact on the businesses of the Group. For more details of the sustainability policies, please refer to the Environmental, Social and Governance Report 2023 of the Company.

Compliance with laws and regulations

During the year, the Group was not aware of any non-compliance with any relevant laws and regulations that might have a significant impact on the businesses of the Group.

FINANCIAL REVIEW *(continued)*

Relationship with suppliers, customers and employees

Suppliers

The Group appoints external service providers in respect of the leasing and management of its owned premises and car parking spaces in Regent Centre (the "Property Managers"). Common areas and common facilities in Regent Centre are managed by an independent third party estate manager (the "Estate Manager") pursuant to a deed of mutual covenant and management agreement dated 24 March 1997. The Property Managers and the Estate Manager are familiar with the tenancy and property management affairs in Regent Centre, as they have been entrusted with such responsibilities since completion of development of the project in 1996. Relationship with the Property Managers and the Estate Manager dated back to July 2012 when China Vanke became the controlling shareholder of the Company. The Group works closely with the Property Managers and the Estate Manager on all tenancy and property management affairs, including sourcing and assessment of tenants, rental receivable management and general property maintenance. In addition, regular meetings are held to facilitate two-way communications.

The Group appoints an external service provider to act as the property manager of The Stellar (the "TS Property Manager") since the soft opening of The Stellar in September 2023. The Group focuses on all major strategies and initiatives such as leasing (terminations, renewals, identification of new tenants) and equipment improvements, whereas the TS Property Manager provides staff on site and manages general property accounting and maintenance. The Group also engages leasing agents for sourcing guests and tenants. In addition, regular meetings are held between the TS Property Manager and the leasing agents to maintain constant communication/alignment of tasks.

Customers

The tenants in Regent Centre are the Group's key customers. The Group is committed to providing quality services to its customers. During the year, the Group maintained active dialogue with the Property Managers and the Estate Manager and carried out independent customer satisfaction survey on all aspects of property management and leasing affairs in Regent Centre. A customer service hotline has also been established for the tenants of Regent Centre to voice their comments, feedback and complaints to the Group.

The guests and tenants of The Stellar are also the Group's key customers. The Group, through its onsite staff and the TS Property Manager, maintains active dialogue with the guests and tenants during their stay as well as any other necessary discussions that need to take place on an ad hoc basis. A customer service hotline has also been established for the guests and tenants of The Stellar to voice their comments, feedback and complaints to the Group.

The key customers of the Group's asset management services are the subsidiaries of China Vanke. With the established relationship with China Vanke, the Group continues to be the core asset management service provider of China Vanke.

Employees

The Group values its employees and encourages its staff to achieve a good work-life balance. Staff turnover rate was 15% in 2023 (2022: 33%). The average length of services of the employees in the Group, since the change of controlling shareholder of the Company to China Vanke in July 2012, was 2.8 years (31 December 2022: 2.3 year) as at 31 December 2023.

EMPLOYEES AND REMUNERATION POLICY

The Group had 100 employees as at 31 December 2023 (31 December 2022: 100). Staff costs (including Directors' emoluments) decreased to approximately HK$124.4 million (2022: HK$130.9 million) during the year.

VPHK provides administrative and management support to the Group on a cost basis. During the year, total fee payable to VPHK in relation to administrative and management support to the Group amounted to approximately HK$4.0 million (2022: HK$7.3 million) during the year, with the decrease mainly attributable to the decrease in the rental expenses recharged by VPHK as all office rent in Hong Kong was paid by the Group directly to the landlord and VPHK no longer recharged rental expenses to the Group from mid-July onwards.

The Executive Directors periodically review the adequacy of the staffing of the Group by reference to the Group's business requirements. Should there be employees recruited under the Group, their remuneration and benefit packages will be structured on market terms with regard to individual responsibility and performance. All eligible employees in Hong Kong are enrolled to a defined mandatory provident fund scheme. Other employment benefits are awarded at the discretion of the Group.

OUTLOOK

In the 2024-25 fiscal budget, the Hong Kong Government has fully cancelled all the demand-side management measures aimed at curbing the excessive speculation in the red-hot property market, commonly known as "scrapping the property cooling measures", to reduce the related acquisition costs for buyers and attract various types of buyers including investors and overseas individuals back into the market. In addition, the Hong Kong Government has also implemented various channels and measures to attract talents, and there has been an influx of professionals globally into Hong Kong which may stimulate residential housing demand and contribute to the healthy development of the property market. Therefore, the Group remains cautiously optimistic about the overall property market in Hong Kong.

The Board anticipates that in 2024, despite the availability of favourable conditions in Hong Kong local market, there exists significant uncertainty in the global economic fundamentals. The Group will continue to prioritise maintaining a healthy and stable financial position to navigate future market fluctuations. Meanwhile, in order to facilitate business growth and development of the Group, the Group remains open to good investment opportunities and thereby creating value for all the Shareholders as a whole.

The Group's investment properties in Hong Kong, Regent Centre, are expected to maintain the occupancy rate and the passing rent in 2024. The Group's hotel and serviced apartments, The Stellar, is expected to generate more revenue in 2024 as it will be in full operation throughout 2024. The sales of residential properties for Bondlane I are expected to contribute revenue to the Group upon the handover of the sold units to the buyers in 2024. Last but not least, the Group's asset management business is expected to generate stable revenue and profit in 2024.

FINAL DIVIDEND

Dividend Policy

The Company adopts a general dividend policy that aims to provide shareholders of the Company with a reasonable dividend payout to the extent practicable.

In proposing the final dividend, the Board has taken into account, inter alia:

- the Group's actual and expected financial performance;
- the interests of its shareholders as a whole;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- any restrictions on payment of dividends by the Company to its shareholders or by the Company's subsidiaries to the Company;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- possible effects on the Group's creditworthiness;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- other factors that the Board deem appropriate.

Any dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed subject to and in accordance with the Company's Articles of Association.

Any dividends unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company subject to and in accordance with the Company's Articles of Association.

Recommendation

The Directors recommend the payment of a final dividend of HK$0.06 per share (2022: HK$0.09 per share). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 14 June 2024 (the "2024 AGM"), the proposed final dividend will be payable to the shareholders on 2 July 2024.

Gratitude

I would like to take this opportunity to express my sincere gratitude to all employees for their steadfast dedication and diligence in ensuring the Group's operations and providing high quality services in the past remarkably difficult year. I would also like to thank my fellow directors for their continuous contribution and guidance and all our shareholders, stakeholders, business partners and customers for their support.

On behalf of the Board

Sun Jia
Chairman and Executive Director

Hong Kong, 27 March 2024

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries are set out on pages 111 to 112 of the Annual Report.

BUSINESS REVIEW

A discussion and analysis of the Group's performance, including a discussion of the principal risks and uncertainties facing the Group, can be found in the Management Discussion and Analysis set out on pages 5 to 22 of the Annual Report. The said discussion and analysis forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 50 and the consolidated statement of profit or loss and other comprehensive income on page 51 of the Annual Report.

During the board meeting on 27 March 2024, the Directors recommended a final dividend for the year ended 31 December 2023 of HK$0.06 per share totalling approximately HK$23,372,000 (2022: HK$0.09 per share totalling approximately HK$35,058,000), which will be payable on 2 July 2024 if approved by the shareholders at the 2024 AGM.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company was incorporated.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 54 of the Annual Report and note 24(a) to the financial statements respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, the balance in the share premium account is distributable. Accordingly, total distributable reserves of the Company amounted to HK$1,746,241,000 as at 31 December 2023 (2022: HK$1,758,214,000).

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$19,000 (2022: HK$34,000).

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Sun Jia *(Chairman)*
Que Dongwu *(Chief Executive Officer)* (resigned with effect from 1 August 2023)
Yip Hoi Man *(Chief Executive Officer)* (appointed with effect from 1 August 2023)
Ding Changfeng
Zhou Yue (resigned with effect from 1 August 2023)

Non-Executive Director

Han Huihua (appointed with effect from 1 August 2023)

Independent Non-Executive Directors

Choi Fan Wai
Law Chi Yin, Cynthia
Zhang Anzhi

DIRECTORS *(continued)*

Mr. Ding Changfeng, Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi retired by rotation pursuant to Article 116 of the Company's Articles of Association and were re-elected as directors of the Company at the annual general meeting of the Company held on 16 June 2023 (the "2023 AGM").

Pursuant to Article 116 of the Company's Articles of Association, Mr. Sun Jia, Mr. Choi Fan Wai and Mr. Zhang Anzhi are due to retire by rotation at the 2024 AGM and, being eligible, will offer themselves for re-election at the 2024 AGM.

Pursuant to Article 99 of the Company's Articles of Association, Ms. Yip Hoi Man and Ms. Han Huihua are due to retire from the Board and, being eligible, will offer themselves for re-election at the 2024 AGM.

None of the Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 2023, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Interests in associated corporations

Name of Director	Name of associated corporation	Type of shares	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives	Total Interests	Percentage of issued share capital
Sun Jia	China Vanke	A shares	–	5,800	–	–	–	5,800 *(Note 1)*	0.00006%
Ding Changfeng	China Vanke	A shares	1,037,660	–	–	–	–	1,037,660 *(Note 1)*	0.01067%
Han Huihua	China Vanke	A shares	141,000	–	–	–	–	141,000 *(Note 1)*	0.00145%

Notes:

1. *The total number of ordinary A shares of China Vanke in issue as at 31 December 2023 was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at 31 December 2023 was 2,206,512,938. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.*

All the interests in the shares disclosed under this section represent long position in the shares of the associated corporations of the Company. Save as disclosed herein, as at 31 December 2023, none of the Directors or any of their spouses or children aged under eighteen years of age had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a business partnership scheme adopted by China Vanke in 2014, certain employees of the China Vanke Group and the Group have been admitted as business partners entrusting part of their bonuses into a collective account (the "collective bonuses") for investment management by Shenzhen Yang'an Financial Advisory Limited, including the introduction of leveraged finance for investment. All business partners in the scheme have undertaken that the collective bonuses and derivative assets will be centralised under closed-end management, without any payment to specific individuals, before the release of the contingent obligation requiring the return of the collective bonuses. An investment management and holding agreement was executed by all business partners. Mr. Sun Jia, Ms. Yip Hoi Man, Mr. Ding Changfeng and Ms. Han Huihua are beneficiaries in the scheme.

Save for the above, at no time during the year was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Company and its subsidiaries did not have any share option scheme in force during the year.

SUBSTANTIAL SHAREHOLDERS

Apart from the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO (the "Register") shows that as at 31 December 2023 the Company has been notified of the following interests or short positions in the shares of the Company:

Name of substantial shareholder	Long position/ short position	Capacity of interest	Total number of shares in which the shareholder is interested	Percentage of shareholding
China Vanke *(Note 1)*	Long position	Held by controlled corporations	292,145,949	75.0%
CITIC Securities Company Limited *(Note 2)*	Long position	Held by controlled corporations	30,080,000	7.72%

Notes:

1. *As recorded in the Register, the 292,145,949 ordinary shares of the Company are held by China Vanke through Wkland Investments Company Limited, which is an indirect wholly-owned subsidiary of China Vanke. Wkland Investments Company Limited is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of VPHK. VPHK is a direct wholly-owned subsidiary of Shanghai Vanke Enterprise Company Limited. Shanghai Vanke Enterprise Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Investment and Management Company Limited. Shanghai Vanke Investment and Management Company Limited is a direct wholly-owned subsidiary of China Vanke.*

2. *As recorded in the Register, the 30,080,000 ordinary shares of the Company are held by CSI Capital Management Limited, which is a direct wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a wholly-owned subsidiary of CITIC Securities Company Limited.*

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained the percentage prescribed under the Listing Rules of the Company's shares in public hands as at the latest practicable date prior to the issue of this Annual Report.

INDEMNITY OF DIRECTORS

The Articles of Association of the Company provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour, or in which he/she is acquitted.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the directors of the Company and its subsidiaries.

Save for the above, during the year ended 31 December 2023, the Company was not aware of any permitted indemnity provision in force for the benefit of one or more (existing or former) directors of the Company (whether entered into by the Company or not) or its associated companies (as if made by the Company).

MANAGEMENT CONTRACTS

On 7 January 2022, the Group renewed the agreement relating to the sharing of administrative services with VPHK on a cost basis for a period of three years taking retrospective effect and commencing from 1 January 2022, which is terminable by either party on giving no less than one month's notice. Total fees paid/payable to VPHK for such services amounted to HK$3,996,000 for the year (2022: HK$7,256,000).

On 16 December 2022, the Group renewed the agreement relating to the sharing of administrative services with VPHK on a cost basis for a period of three years taking retrospective effect and commencing from 1 January 2023, which is terminable by either party on giving no less than one month's notice. Total fees received/receivable from VPHK for such services amounted to HK$2,085,000 for the year (2022: HK$843,000).

DIRECTORS' INTERESTS IN CONTRACTS

As disclosed in the section "Management Contracts", the Company entered into contracts with VPHK in relation to the sharing of administrative services on a cost basis. The Company is an indirect 75%-owned subsidiary of VPHK, which in turn is an indirect wholly-owned subsidiary of China Vanke. Mr. Sun Jia (through his spouse), Mr. Ding Changfeng and Ms. Han Huihua have beneficial interests in the issued shares of China Vanke. Ms. Yip Hoi Man is a director of VPHK.

Save as disclosed above, no contracts of significance were entered into between the Company or any of its subsidiaries and the Company's holding company or a subsidiary of the Company's holding company, nor were there any contracts of significance in relation to the Group's businesses in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Set out below is information disclosed pursuant to Rule 8.10(2) of the Listing Rules.

Apart from the interests of the Directors in China Vanke as disclosed in the section headed "Directors' Interests in Equity or Debt Securities – Interests in associate corporations" in this report, the following Directors are also directors and/or officers of China Vanke and/or its subsidiaries and affiliates as set out in the table below.

Name of Director	Position held in China Vanke and/or its subsidiaries and affiliates
Sun Jia	The Chief Partner and the Managing Director of the Commercial Business Group of China Vanke
Yip Hoi Man	The Chief Partner of the Overseas Business Unit of China Vanke, the managing director of VPHK and a director of various subsidiaries of China Vanke
Ding Changfeng	The Chief Executive Officer of the Hotels and Resorts Business Unit of China Vanke and a director of various subsidiaries and associated companies of China Vanke
Han Huihua	The Executive Vice President and the head of finance of China Vanke

At present, the Group owns property development and investment projects in Hong Kong and the US. VPHK, an indirect wholly-owned subsidiary of China Vanke, and its subsidiaries (excluding the Group) (the "VPHK Group") also own property development and investment projects in Hong Kong and the US. Depending on circumstances, either the Group or VPHK Group participates in acquisitions of land or property development projects in Hong Kong from the Hong Kong Government or entities controlled by the Hong Kong Government through public auction or tender on a sole basis or by way of a joint venture arrangement with independent third parties, or acquire property development and investment projects in Hong Kong and the US on a sole basis or by way of a joint venture arrangement.

Each of Mr. Sun Jia, Ms. Yip Hoi Man, Mr. Ding Changfeng and Ms. Han Huihua holds managerial positions in certain subsidiaries or business units of China Vanke. Ms. Yip Hoi Man is a common director of the Company and VPHK. Mr. Sun Jia (through his spouse), Mr. Ding Changfeng and Ms. Han Huihua have beneficial interests in the issued shares of China Vanke.

Mr. Choi Fan Wai, Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi, the independent non-executive Directors, do not participate in the routine business of VPHK. The independent non-executive Directors, with the assistance of the financial controller and Company Secretary of the Company, exercise due care and skills in ensuring that the Group is capable of carrying on its business at arm's length and independently from VPHK.

Save as disclosed above, the Directors were not (i) aware of any other business of China Vanke which competes or is likely to compete, either directly or indirectly, with the Group's businesses; or (ii) aware that any of them had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2023, the aggregate of amount of the Group's financial assistance given to and guarantee given for facilities granted to Gold Value and Champion Estate (HK) Limited ("Champion HK"), affiliated companies of the Company as defined under the Listing Rules, amounted to approximately HK$664 million, which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details are set out as follows:

	Note	HK$ million
Amount due from Gold Value	(a)	36
Loan to Champion HK	(b)	256
Guarantee given for facilities granted to Champion HK	(c)	372
Total		664

(a) *The balance is unsecured, interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The balance of approximately HK$1 million is expected to be recovered within one year, while the remaining balance of approximately HK$35 million will be recovered after one year.*

(b) *The balance is unsecured, interest-bearing at 3% per annum and will be recovered after one year.*

(c) *The guarantee is provided by the Company for term loan facilities granted by a bank, an independent third party of the Company, to Champion HK on a several basis in proportionate to the shareholding interest of the Company in Champion HK.*

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2023 are set out as follows:

	Proforma combined statement of financial position HK$ million	**Group's attributable interest** HK$ million
Non-current assets	142	28
Properties under development	844	422
Current assets	60	18
Current liabilities	(48)	(22)
Non-current liabilities	(996)	(446)
Net assets	2	–

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CONTINUING CONNECTED TRANSACTIONS

On 7 September 2020, Vanke Overseas Management Holding Company Limited ("VOI Management Holding"), Vanke Holdings (Hong Kong) Company Limited ("VOI HK"), Vanke Overseas UK Management Limited ("VOI UK") and Vanke US Management LLC ("VOI US") (collectively the "VOI Parties") and Vanke Holdings USA LLC ("Vanke US"), VPHK and Chogori Investment (Hong Kong) Limited ("Chogori", together with Vanke US and VPHK, collectively the "VPHK Parties") entered into a management services framework agreement, pursuant to which the Group would provide asset management services to VPHK and certain of its subsidiaries (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects in Hong Kong, the US and the UK) (the "Old Management Services Framework Agreement"). The Old Management Services Framework Agreement became effective on 30 October 2020 and expired on 31 December 2022.

Since the parties to the Old Management Services Framework Agreement wished to continue carrying out the transactions thereunder upon its expiration, on 26 October 2022, the VOI Parties and the VPHK Parties entered into a new management services framework agreement (the "New Management Services Framework Agreement") in anticipation of the expiration of the Old Management Services Framework Agreement on 31 December 2022. The New Management Services Framework Agreement became effective on 1 January 2023 until 31 December 2025.

Each of the VOI Parties is a subsidiary of the Company. VPHK, an indirect wholly-owned subsidiary of China Vanke, is an intermediate holding company of the Company. Each of the VPHK Parties is an indirect wholly-owned subsidiary of China Vanke. Therefore, each of the VPHK Parties is a connected person of the Company under Chapter 14A of the Listing Rules.

Pursuant to the New Management Services Framework Agreement, the annual cap for the transactions under for the period from 1 January 2023 to 31 December 2023 was HK$300 million.

During the year ended 31 December 2023, the Group generated revenue of approximately HK$216.2 million from the transactions under the New Management Services Framework Agreement.

For details of the New Management Services Framework Agreement, please refer to the Company's announcement dated 26 October 2022 and circular dated 23 November 2022 in relation to the New Management Services Framework Agreement.

The Independent Non-executive Directors of the Company have reviewed and confirmed that the transactions entered into under the New Management Services Framework Agreement for the year ended 31 December 2023 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's 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 "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 an unqualified letter containing findings and conclusion according to Rule 14A.56 of the Listing Rules, which confirmed that for the aforesaid continuing connected transactions, nothing has come to the auditor's attention that causes them to believe that: (i) the disclosed continuing connected transactions have not been approved by the Board; (ii) the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 75.9% of the total sales for the year and sales to the largest customer included therein amounted to 59.3%. Purchases from the Group's five largest suppliers accounted for less than 30.0% of the total purchases for the year.

At no time during the year have the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

BANK LOANS AND OTHER BORROWINGS

The Group had outstanding bank loans and other interest-bearing borrowings of HK$385.4 million as at 31 December 2023 (31 December 2022: HK$657.7 million).

PROPERTIES

Particulars of the properties and property interests of the Group as at 31 December 2023 are set out on page 113 of the Annual Report.

LOAN FACILITY WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

The following disclosures are made in compliance with the disclosure requirements under Rule 13.21 of the Listing Rules.

On 17 June 2020, Chericourt Company Limited ("Chericourt"), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "Facility Agreement") with a bank for a term loan facility of HK$1,000,000,000 (the "Loan Facility") for a period of 12 months from its utilisation date and upon the end of the initial 12-month term, Chericourt may exercise not more than four consecutive 12-month extension options subject to satisfaction of certain extension conditions. Under the Loan Facility, it would constitute an event of default if China Vanke ceases to be the beneficial owner (by way of indirect ownership through the Company) of at least 30% of the entire issued share capital of Future Best Developments Limited, an indirect wholly-owned subsidiary of the Company. Upon the occurrence of the event of default, the Loan Facility under the Facility Agreement together with accrued interest, and all other amounts accrued under the Facility Agreement will become immediately due and payable.

Until the publication of this annual report, the circumstances giving rise to the obligations under Rule 13.18 of the Listing Rules continued to exist.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material event that have occurred since the end of the financial year ended 31 December 2023.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 114 of the Annual Report.

AUDITOR

The financial statements have been audited by KPMG who will retire and, being eligible, offer themselves for re-appointment at the 2024 AGM. A resolution for the re-appointment of KPMG as the independent auditor of the Company is to be proposed at the 2024 AGM. There was no change in auditor of the Company in any of the preceding three years.

On behalf of the Board

Sun Jia
Chairman and Executive Director

Hong Kong, 27 March 2024

Corporate Governance Report

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance practices and holds the view that strong corporate governance is prominent in developing the businesses of the Group and generating long-term profit and sustainable value for our shareholders. The Company has applied the principles of the Corporate Governance Code (the "CG Code") set out in Appendix C1 (formerly known as Appendix 14) of the Listing Rules to its corporate governance structure and practices as described herein, complied with the code provisions set out in the CG Code during the year ended 31 December 2023, and disclosed information in this Report in accordance with the mandatory disclosure requirements, and to the extent applicable, the recommended disclosure, set out in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2023. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company. The Board reviews and monitors the compliance of such codes and guidelines periodically.

THE BOARD

Responsibilities, Accountabilities and Contributions: The Board is responsible for leadership and control of the Company and determining the overall strategies and policies and approving the business plan of the Group, and ensuring the Group's business operations are properly planned, authorised, undertaken and monitored and supervised. The implementation of strategies and policies and day-to-day operations of the Group's business are delegated to the management led by the Executive Directors. Independent Non-Executive Directors provide the Board with diversified skills, expertise and experience and provide independent advice, perspective and judgement to the Board. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board's decision. The principal functions of the Board are:

- to determine the overall objectives, strategies, policies and business plan of the Group;
- to monitor and control operating and financial performance;
- to approve major funding, investment and divestment proposals;
- to oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- to approve the nominations of directors and appointment of key personnel; and
- to assume responsibility for corporate governance.

Board Composition: As at the date of this report, the Board comprises three Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors.

Executive Directors:
Mr. Sun Jia *(Chairman)*
Ms. Yip Hoi Man *(Chief Executive Officer)*
Mr. Ding Changfeng

Non-Executive Director:
Ms. Han Huihua

Independent Non-Executive Directors (in alphabetical order):
Mr. Choi Fan Wai
Ms. Law Chi Yin, Cynthia
Mr. Zhang Anzhi

THE BOARD *(continued)*

During the year ended 31 December 2023, the changes to the compositions of the board were as follows:

– Each of Ms. Que Dongwu and Ms. Zhou Yue resigned as Executive Director with effect from 1 August 2023;

– Ms. Yip Hoi Man was appointed as Executive Director with effect from 1 August 2023; and

– Ms. Han Huihua was appointed as Non-Executive Director with effect from 1 August 2023.

A list of Directors which identifies their roles and functions (the "Directors List") is maintained on the websites of the Company and the Stock Exchange from time to time. Independent Non-Executive Directors are also identified as such in the Directors List and all other corporate communications containing the names of the Directors (where appropriate).

Biographical details of the Directors, and the relationship (if any) among them, are set out on pages 3 to 4 of this Annual Report.

Ms. Yip Hoi Man and Ms. Han Huihua had been appointed as Directors during the year ended 31 December 2023, and each of Ms. Yip and Ms. Han had obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law in accordance with Rule 3.09D of the Listing Rules on 31 July 2023 and each of them had confirmed that they understood their obligations as Directors.

Appointment, re-election and removal of Directors: Each of the Directors has entered into a letter of appointment with the Company for a specific term, out of which all Non-Executive Directors (including Independent Non-Executive Directors) are appointed for a term of three years. His/her directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

The Board may from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then eligible for re-election. In addition, the Directors are to retire at the annual general meeting of the Company once every three years.

Independent Non-Executive Directors: The Company has three Independent Non-Executive Directors, which meets the requirements under the Listing Rules that at least one third of the Board comprises independent non-executive directors. Mr. Choi Fan Wai possesses the appropriate qualification in accounting. Each of the Independent Non-Executive Directors has provided an annual confirmation of his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-Executive Directors continued to demonstrate strong independence in judgement and were free from any business or other relationship which could interfere with their ability to discharge their duties effectively, and they therefore all remained independent. As at the date of this Report, none of the Independent Non-Executive Directors has served the Company for more than nine years. Based on the Nomination Committee's assessment, the Board considers that all the existing Independent Non-Executive Directors are independent.

Board Meetings: Regular meetings are scheduled in advance to facilitate the maximum attendance. Four board meetings were held during the year ended 31 December 2023 and the attendance of each Director is set out in the section headed "Attendance at Meetings" of this report. In addition, a board meeting was held on 27 March 2024 for the purpose of, amongst other things, approving the Group's audited financial statements and announcement of results and recommending a final dividend for the year ended 31 December 2023.

The Chairman of the Board also held a meeting with the Independent Non-executive Directors without the presence of other directors during the year.

THE BOARD *(continued)*

Independent views into the Board: The Board believes that the Independent Non-Executive Directors constituting more than one-third of the Board provides adequate checks and balances that safeguard the interests of the shareholders and the Group. All our Independent Non-Executive Directors from various different backgrounds with a diverse range of business, financial services and professional experience possess diversified expertise, skills and experience. Their views and participation in Board meetings and committees' meetings bring independent judgment and advice on issues relating to the Group's strategies, prospects, internal control and conflicts of interest, and ensure that the interests of the shareholders are well taken into account.

As disclosed in this Annual Report, Directors have sufficient access to information relating to the Group or engage independent professional advisors if they consider appropriate, and also have good access to the advice and services of the Company Secretary and the Financial Controller of the Company. Management or other relevant staff can be asked to join the Board meetings, where appropriate, to provide information to the Directors so that the Board will be able to make informed decisions.

Furthermore, the primary duties of the Audit Committee involve assisting our Board with an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

INDUCTION, UPDATES AND TRAINING

Each newly appointed Director will be given an induction regarding the governance policies of the Company, businesses and operation of the Group as well as their duties and responsibilities under the statute and common law and relevant rules and regulations. Monthly updates are provided to the Directors for the purpose of giving them a balanced and understandable assessment of the Group's performance, position and prospects. Directors have participated in continuing professional development to develop and refresh their knowledge and skills. Each Director is required to submit his/her training record to the Company on an annual basis. The Company Secretary will also assist the Directors to fulfill the training requirement by keeping the Directors notified on details of the relevant seminars and training courses from time to time. The Board also reviews and monitors the training and continuous professional development of the Directors periodically. A summary of training record received by the Directors for the year ended 31 December 2023 is set out as follows:

	Reading materials and/or updates relating to corporate governance and businesses of the Group	Attending training courses, seminars and/or forums	Receiving briefings from the Chief Financial Officer/Financial Controller & the Company Secretary
Name of Director			
Executive Directors			
Sun Jia *(Chairman)*	✓		✓
Yip Hoi Man *(Chief Executive Officer)*	✓	✓	✓
Ding Changfeng	✓		✓
Non-Executive Director			
Han Huihua	✓		✓
Independent Non-Executive Directors			
Choi Fan Wai	✓	✓	✓
Law Chi Yin, Cynthia	✓	✓	✓
Zhang Anzhi	✓	✓	✓

REMUNERATION OF DIRECTORS

Details of the remuneration of Directors are set out in note 7 to the financial statements in this Annual Report.

Principles of Remuneration Policy:

The purpose of the Group's remuneration policy is to establish a formal and transparent remuneration procedure to ensure fair remuneration to attract, retain and motivate the directors and senior management of the Company to run the company successfully without paying more than necessary. The key principles of the Group's remuneration policy are:

- no individual is involved in determining his/her own remuneration;
- remuneration should align with those offered for comparable position by comparable companies of similar size and business scope in the market; and
- remuneration should reflect work complexity, time commitment, responsibility and performance (both financial and qualitative) with a view to attracting, motivating and retaining high performers.

Remuneration of Executive Directors: Each of the Executive Directors received a fee of HK$200,000 per annum for being a Director of the Company. During the year under review, no other remuneration was payable to the Executive Directors except for Ms. Zhou Yue. Total remuneration paid to Ms. Zhou Yue for the period from 1 January 2023 to 31 July 2023 amounted to approximately HK$1,660,000 (2022: HK$3,774,000). In addition, effective rent paid to a landlord for an apartment provided to Ms. Que Dongwu by the Company for the year ended 31 December 2023 amounted to approximately HK$148,000 (2022: HK$274,000).

Remuneration of Non-Executive Directors, including the Independent Non-Executive Directors: The Non-Executive Director received a fee of HK$150,000 per annum for being a director of the Company. Each of the Independent Non-Executive Directors received a fee of HK$200,000 per annum for being a director of the Company. All Independent Non-Executive Directors are entitled to an allowance of HK$10,000 for attending each meeting in person and an allowance of HK$5,000 for attending each meeting by phone or video conference. No equity-based remuneration or other remuneration was payable to the Non-Executive Director or the Independent Non-Executive Directors during the year.

None of the Directors has waived or agreed to waive any remuneration for the year.

Remuneration Committee: The Company established a Remuneration Committee with written terms of reference revised on 20 August 2015. The current committee is chaired by Mr. Zhang Anzhi, an Independent Non-Executive Director, and comprising a majority of the Independent Non-Executive Directors. The other members of the committee are Mr. Choi Fan Wai, an Independent Non-Executive Director, and Ms. Yip Hoi Man, an Executive Director.

The principal duties and functions of the Remuneration Committee are:

- to make recommendations to the Board regarding the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to determine the specific remuneration packages of all Executive Directors and senior management;
- to make recommendations to the Board of the remuneration of Non-Executive Directors; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

REMUNERATION OF DIRECTORS *(continued)*

Principles of Remuneration Policy: *(continued)*

For the remuneration of the Executive Directors, the Remuneration Committee adopted the model described in code provision E.1.2(c)(i) of the CG Code.

The latest terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee held one meeting for the year ended 31 December 2023 and a summary of work done of the Remuneration Committee include, among other things:

- reviewing the Company's policy and structure for all Director and senior management's remuneration; and
- determining the specific remuneration packages of all Directors and senior management for the year ended 31 December 2023 after considering and assessing the performances of the Directors and senior management.

The attendance of each member of the Remuneration Committee to its meeting is set out in the section headed "Attendance at Meetings" of this report.

NOMINATION OF DIRECTORS

The Board, through the Nomination Committee, reviews its structure, size, composition and diversity from time to time to ensure that it has the balance of skills and experience and independent element appropriate for the requirement of the Group's businesses.

Nomination Committee: The Company established a Nomination Committee with written terms of reference revised on 13 February 2019. The current committee is chaired by Ms. Law Chi Yin, Cynthia, an Independent Non-Executive Director, and comprising a majority of the Independent Non-Executive Directors. The other members of the committee are Mr. Zhang Anzhi, an Independent Non-Executive Director, and Mr. Sun Jia, an Executive Director.

The principal duties and functions of the Nomination Committee are:

- to review the structure, size, composition and diversity of the Board and make recommendations to the Board regarding any proposed changes as and when necessary;
- to develop and maintain a policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the committee to identify, select and recommend candidates for directorship during the year and review periodically and disclose in this report the policy and the progress made towards achieving the objectives set in the policy;
- to identify and nominate qualified individuals to the Board for appointment as additional Directors or to fill Board vacancies as and when they arise;
- to assess the independence of Independent Non-Executive Directors;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Chief Executive Officer;
- to review the board diversity policy of the Board (the "Board Diversity Policy") and make disclosure of its review results in this report;
- to conform to any requirement or direction that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law or regulation; and
- to monitor and review the nomination policy annually to ensure it remains relevant to the Group's needs and reflects both current regulatory requirements and good corporate governance practice.

The latest terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange.

NOMINATION OF DIRECTORS *(continued)*

The Company adopted the Board Diversity Policy which was revised on 26 August 2022 and sets out the approach to achieve diversity on the Board. The policy is summarised as follows:

– in reviewing the Board's composition, the Nomination Committee will consider a number of aspects including skills, regional and industry experience, background, race, gender and other qualities of Directors and take into account such differences in determining the optimum composition of the Board;

– in identifying qualified individuals to become Board members, nomination of the individuals for Board approval will be made by the Nomination Committee based on merit while taking into account diversity (including but not limited to diversity in gender, age, cultural and educational background, professional experience, skills, knowledge and length of service); and

– the Nomination Committee will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption.

The Board currently has three female Directors out of seven Directors. The current gender diversity of the Board, at 43% of the Directors being female Directors, stands at a relatively high level compared to other companies listed on the Stock Exchange. The gender diversity of the Board was achieved throughout the year under review as the Board adhered to the Board Diversity Policy and placed significant emphasis on diversity (including gender diversity). The Company will use its reasonable endeavors to maintain gender diversity at least at a level of 25% female representation in the Board, subject to any changes to the business model and needs that requires material deviation from the current Board gender diversity. The Company also recognises that board diversity can be achieved without increasing the size of the Board and that a reduction in board size due to retirements without replacement can also be a way to further diversity. If the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

Having considered the business needs of the Company, the Nomination Committee considers that the current Board is sufficiently diversified in terms of its skills, experience, knowledge, expertise, culture, independence, age and gender.

On top of the Board Diversity Policy, the Nomination Committee has also adopted a nomination policy (the "Nomination Policy") which sets out, inter alia, the selection criteria and procedure for selecting and recommending candidates for directorship during the year. The selection criteria used in assessing the suitability of a candidate include the candidate's character, skills, knowledge, experience and those criteria set out in Rule 3.08 of the Listing Rules. Where the candidate is appointed for the position of Independent Non-Executive Director, the Committee will also assess his/her independence with reference to the requirements set out in the Listing Rules. In the case of re-appointment of Director, the Nomination Committee would take into account factors such as contribution from the retiring Directors. The procedure of appointing and re-appointing a Director is summarised as follows:

- the Nomination Committee to identify potential candidates possibly with the assistance from external agencies and/or advisors;
- the Nomination Committee to evaluate candidates' suitability to become a member of the Board based on the criteria set out in the Nomination Policy by means of interviews (or other ways) as to whether he/she is fit and proper for becoming a member of the Board with reference to the criteria set out in Rule 3.08 of the Listing Rules;
- the Nomination Committee to nominate one or more qualified candidates for the Board's consideration;
- the Board to agree on a preferred candidate;
- the Chairman of the Board to negotiate terms of appointment with the preferred candidate; and
- the Chairman of the Board, in consultation with the chairmen of the Remuneration Committee and the Nomination Committee, finalises a letter of appointment for the Board's approval.

NOMINATION OF DIRECTORS *(continued)*

Any shareholder who wishes to nominate any person for election as a director at the Company's general meeting may make a written submission to the Company at its principal place of business in Hong Kong at Room A, 43rd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong containing such information as may be required within the period commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate on the basis of qualifications, experience and background. Details of the nomination procedures are available on the Company's website.

The Nomination Committee held one meeting for the year ended 31 December 2023 and a summary of work done of the Nomination Committee include, among other things:

- reviewing the structure, size, composition and diversity of the Board;
- assessing the independence of Independent Non-Executive Directors;
- recommending to the Board the re-appointment of retiring Directors at the 2023 AGM after considering the Directors' contribution; and
- reviewing the disclosure of the Nomination Policy and the Board Diversity Policy in the corporate governance report.

The attendance of each member of the Nomination Committee to its meetings is set out in the section headed "Attendance at Meetings" of this report.

ACCOUNTABILITY AND AUDIT

Financial Reporting: The Directors acknowledge their responsibilities for the preparation of financial statements which give a true and fair view, and to ensure that appropriate accounting policies are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The external auditor of the Company has included a statement of its reporting responsibilities on the Group's financial statements in its Independent Auditor's Report on pages 44 to 49 of the Annual Report.

The Company deviates from one Recommended Best Practice in the Corporate Governance Code that an issuer should announce and publish quarterly financial results as they lack a long-term view of the Company's financial performance; and preparation and disclosure of quarterly reports can be costly and require extensive time and various resources, including the cost and time of Board and management spent on quarterly reporting.

Risk management and internal control: The Board is responsible for overseeing the Group's risk management and internal control systems and for reviewing their effectiveness for each financial year at least annually. The Audit Committee supports the Board in monitoring the key risks to the Group and in the design and operating effectiveness of the Group's risk management and internal control systems. Management of the Group, comprising the Executive Directors and the Financial Controller, assesses and presents to the Audit Committee on a regular basis its assessment of the key risks of the Group, the strengths and weaknesses of the overall internal control system, with action plan to address weaknesses being identified. The Group does not have an internal audit function in view of its small size and simplicity of operation. Instead, the Group engaged an independent consultant to carry out agreed testing procedures on the internal control system of the Group in a risk-focused manner.

The Group adopts a top-down as well as a bottom-up approach in identifying and assessing risks of the Group. Detailed risk registers and key risk indicators have been drawn up for each of the key risks being identified for evaluation and management of the relevant risks. Management is responsible to assess the key risks on an ongoing basis by reference to any changes in the external environment and the business model of the Group. Standard operating procedures with built-in controls such as authorisations and approvals, verifications, reconciliations and segregation of duties have been established governing the key operating activities of the Group. The Board and the Audit Committee are responsible for overseeing the monitoring activities of the Group's risk management and internal control systems. Internal control deficiencies, if any, are communicated in a timely manner to those parties responsible for taking corrective action, including management and the Board, as appropriate.

ACCOUNTABILITY AND AUDIT *(continued)*

Risk management and internal control systems are designed for the purpose of managing rather than eliminating the risk of failure to achieve business objectives. As a result, the systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has conducted a review of the effectiveness of the risk management and internal control system of the Group annually. Based on the review and having considered the independent consultant's findings and recommendations, the management's assessment and recommendation from the Audit Committee, the Board is satisfied that the Group has maintained effective and adequate risk management and internal control systems during the year ended 31 December 2023. In addition, the Board is satisfied with the effectiveness of the Company's processes for financial reporting and Listing Rules compliance as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

To further enhance internal control awareness, the Group has also revised a whistleblowing policy on 26 August 2022 to provide reporting channels and facilitate persons reporting his/her concerns under the policy to report any known or genuinely suspected misconduct, wrongdoings, corruption, fraud, improprieties in matters of financial reporting, internal control or other matters involving, among others, Directors, officers, and full-time, part-time and contract employees of the Group, and all parties having business relationship with the Group as well as employees of such parties. With respect to the Company's whistleblowing policy, please refer to the Company's ESG report.

Audit Committee: The Company established an Audit Committee with written terms of reference revised on 13 February 2019. The current committee is chaired by Mr. Choi Fan Wai, an Independent Non-Executive Director. The other members of the committee are Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi, the Independent Non-Executive Directors.

The principal duties and functions of the Audit Committee are:

- to recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and to assess the independence of the external auditor;
- to review the Group's interim and annual financial statements;
- to oversee the Group's financial reporting system;
- to oversee the Group's internal control and risk management systems; and
- to discuss issues arising from the audits and any matters raised by the external auditor.

The latest terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange.

The Audit Committee held three meetings during the year ended 31 December 2023 and a summary of work done of the Audit Committee include, among other things:

- review the half-yearly and annual results of the Group with management and the external auditor;
- review the accounting policies and practices adopted by the Group;
- consider policies and practices of the Company on corporate governance and make recommendations to the Board;
- recommend to the Board the re-appointment of KPMG as the external auditor;
- consider the independence and remuneration of the external auditor;
- discuss the external auditor's audit plan and findings;
- review reports on the Company's compliance with the CG Code and disclosures in this report;
- assess the effectiveness of the risk management and internal control systems for the Group;
- review reports in respect of risk management system for the Group; and
- review reports on the key risk indicators established by the Group for its top five risks.

The attendance of each member of the Audit Committee at its meetings is set out in the section headed "Attendance at Meetings" of this report.

AUDITORS' REMUNERATION

Remuneration in respect of audit and non-audit services provided by KPMG during the year ended 31 December 2023 is analysed as follows:

Services rendered:	**Remuneration** HK$'000
Audit services	1,130
Non-audit services	238

The external auditor is refrained from engaging in non-audit services except for limited tax-related services or specific approved items. The Audit Committee reviewed the external auditor's statutory audit scope and non-audit services, and approved its fees.

WORKFORCE GENDER DIVERSITY

In our workforce (including senior management), the gender ratio is 39% (females): 61% (males) (2022: 38%: 62%). Equal opportunities principles are applied in the Group, in particular to recruitment, training, career development and promotion of our employees. Remuneration and benefit packages of our employees are structured in accordance with market terms with regard to individual responsibility and performance. The Company places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The Company will use its reasonable endeavors to maintain gender diversity at least at a level of 30% female representation in the workforce subject to any changes to the business model and needs that requires material deviation from the current gender diversity in workforce. Further, to support diversity across all facets, the Group is enhancing diversity and making inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and training for all employees to support inclusive behaviours. For further details about the gender diversity in the workforce, please refer to the Company's ESG report.

COMPANY SECRETARY

The appointment and removal of the company secretary of the Company (the "Company Secretary") is subject to Board approval.

Ms. Yip Hoi Man was appointed as the Company Secretary on 12 December 2019 and ceased to act as the Company Secretary with effect from 1 August 2023.

Ms. Ivy Lai ("Ms. Lai") has been appointed as the Company Secretary and an Authorised Representative with effect from 1 August 2023. Ms. Lai holds a bachelor's degree in Laws from the University of Hong Kong and is qualified to practice as a solicitor in Hong Kong and England and Wales. Ms. Lai is not an employee of the Group but is given access to Ms. Yip Hoi Man, an Executive Director and the Chief Executive Officer of the Company, from time to time in order to have an up-to-date knowledge about the Group's affairs.

Ms. Lai confirmed that she had complied with all the required qualifications, experience and training requirements and had taken no less than 15 hours of relevant professional training during the year ended 31 December 2023 in compliance with Rule 3.29 of the Listing Rules.

INSIDE INFORMATION

The Group issues guidelines to its directors, officers and employees governing the disclosure of inside information as defined under Part XIVA of the Securities and Futures Ordinance, Chapter 571. Unless the inside information falls within any of the safe harbors as permitted under the Securities and Futures Ordinance, the Group is required to disseminate such information through the electronic publication system operated by the Stock Exchange to the public in a timely manner.

Where any director, officer or employee of the Group is aware of the existence of any potential inside information or information that may be material to the trading volume or price of the shares of the Company, he/she is required to inform a designated officer within the Group (the "Designated Officer"), who shall in consultation with professional advisers (if required), form a preliminary view as to whether the information should be regarded as inside information or any of the safe harbor provisions is applicable to the Company. The Designated Officer shall notify the Board on any information regarded as inside information and seek its approval to handle subsequent compliance matters.

All Directors, officers and relevant employees are required to take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication. If the Group believes that the necessary degree of confidentiality cannot be maintained, the Group will immediately disclose the information to the public as soon as reasonably practicable.

COMMUNICATION WITH SHAREHOLDERS

The Company adopted a shareholder communication policy on 28 March 2012 which was revised on 26 August 2022 to promote effective two-way communication of the Company with its shareholders to ensure provision of timely, equal and sufficient information to the shareholders. Information relating to the Group is mainly disseminated to the shareholders through publication of notices, announcements and circulars at the websites of the Company and the Stock Exchange and despatch of interim reports, annual reports and circulars to the shareholders. Annual general meetings and other general meetings are held in compliance with the Listing Rules and other legal requirements to provide a forum for shareholders to exchange their views with the Board. Directors will be present at the meeting to answer questions from shareholders. The Board reviews the shareholder communication policy on a regular basis, and, if necessary, make any changes it considers necessary to ensure its effectiveness and that Shareholders' needs are best served.

The Board has conducted a review of the implementation and effectiveness of the shareholder communication policy of the Company during the year under review. Having considered the multiple channels of communication in place, the Board is satisfied that an effective shareholder communication policy has been properly implemented throughout the year ended 31 December 2023.

On 16 June 2023, an annual general meeting was held for the shareholders of the Company to consider and approve the results of the Group for the year ended 31 December 2022, the payment of a final dividend for the year ended 31 December 2022, the re-appointment of Mr. Ding Changfeng as Executive Director, Ms. Law Chi Yin, Cynthia as Independent Non-Executive Director, Mr. Zhang Anzhi as Independent Non-Executive Director, the re-appointment of the external auditor and the granting of a share issue mandate and a share repurchase mandate to the Board.

The attendance of each Director at the general meeting is set out in the section headed "Attendance at Meetings" of this report.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting (the "EGM") on requisition by shareholders

Under Article 72 of the Company's Articles of Association, general meetings could be convened by requisitionists. In accordance with Article 72 of the Company's Articles of Association, shareholder(s) holding together (at the date of the deposit of the requisition) 10% or more of such of the paid-up capital of the Company which as at the date of the deposit carries the right of voting on a one vote per share basis at general meetings of the Company, may require the Directors to convene an EGM. The written requisition must state the objects of the meeting and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned. If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of three months from the said date. The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Directors.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Board, whose contact details are as follows:

The Board of Directors
Vanke Overseas Investment Holding Company Limited
Room A, 43rd Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong
Email: vkoverseas.ir@vanke.com
Fax: (852) 2328 8097

The Board and/or relevant board committees of the Company will consider the enquiries and concerns raised by the shareholders and reply as appropriate.

Procedures for putting forward proposals at general meetings by shareholders

A shareholder who wishes to propose a resolution must requisition the convening of a general meeting in accordance with Article 72 of the Company's Articles of Association. The written requisition must be signed by the shareholder(s) concerned and deposited at the registered office of the Company.

Without prejudice to the foregoing, any shareholder who wishes to nominate any person for election as a director at the Company's general meeting shall make a written submission to the Company at its principal place of business in Hong Kong at Vanke Overseas Investment Holding Company Limited, Room A, 43rd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong containing such information as may be required within the period commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate in accordance with the Board Diversity Policy and the Nomination Policy.

AMENDMENT OF THE COMPANY'S CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents, being the Company's Memorandum and Articles of Association, during the year ended 31 December 2023.

The Company's Memorandum and Articles of Association are posted on the websites of the Company and the Stock Exchange.

ATTENDANCE AT MEETINGS

The attendance of individual Directors at the Board and Committee Meetings during the year ended 31 December 2023 is set out below.

Name of Director	Board Meetings (Attended/ Held)	Remuneration Committee Meeting (Attended/ Held)	Nomination Committee Meeting (Attended/ Held)	Audit Committee Meetings (Attended/ Held)
Executive Directors				
Sun Jia *(Chairman)*	4/4	–	1/1	–
Que Dongwu *(Chief Executive Officer)* (resigned with effect from 1 August 2023)	1/1	1/1	–	–
Yip Hoi Man *(Chief Executive Officer)* (appointed with effect from 1 August 2023)	3/3	–	–	–
Ding Changfeng	4/4	–	–	–
Zhou Yue (resigned with effect from 1 August 2023)	1/1	–	–	–
Non-Executive Director				
Han Huihua (appointed with effect from 1 August 2023)	1/3	–	–	–
Independent Non-Executive Directors				
Choi Fan Wai	4/4	1/1	–	3/3
Law Chi Yin, Cynthia	4/4	–	1/1	3/3
Zhang Anzhi	4/4	1/1	1/1	3/3

ATTENDANCE AT MEETINGS *(continued)*

The attendance of individual Directors at the general meeting of the Company during the year ended 31 December 2023 is set out below.

Name of Director	2023 AGM
Executive Directors	
Sun Jia *(Chairman)*	✓
Que Dongwu *(Chief Executive Officer)* (resigned with effect from 1 August 2023)	✓
Yip Hoi Man *(Chief Executive Officer)* (appointed with effect from 1 August 2023)[Note]	✓
Ding Changfeng	✓
Zhou Yue (resigned with effect from 1 August 2023)	✓
Non-Executive Director	
Han Huihua (appointed with effect from 1 August 2023)	
Independent Non-Executive Directors	
Choi Fan Wai	✓
Law Chi Yin, Cynthia	✓
Zhang Anzhi	✓

Note: Ms. Yip Hoi Man attended the 2023 AGM in her then capacity as Chief Financial Officer

Independent Auditor's Report

Independent auditor's report to the shareholders of Vanke Overseas Investment Holding Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vanke Overseas Investment Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 112, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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 International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(continued)*

Valuation of investment properties

Refer to the accounting policy at note 2(f) and note 11 to the consolidated financial statements.

The Key Audit Matter

The Group owns certain industrial premises located in Hong Kong and classifies these industrial premises as investment properties. The fair value of these investment properties as at 31 December 2023 totalled HK$1,993 million, which represented 39% of the Group's total assets as at that date.

The fair value of the Group's investment properties as at 31 December 2023 was assessed by the directors based on valuations prepared by external surveyors. Such valuation required significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates and market rents.

We identified the valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and because the valuation of investment properties can be inherently subjective and requires significant judgement and estimation, which increases the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

- obtaining and inspecting the valuation reports prepared by external surveyors engaged by the Group on which the directors' assessment of the valuation of investment properties was based on;
- assessing the competence, capabilities and objectivity of the external surveyors;
- with the assistance of our internal property valuation specialists,
  - discussing with the external surveyors their valuation methodology in a separate private session,
  - evaluating the appropriateness of the valuation methodology with reference to the prevailing accounting standards, and
  - challenging the reasonableness of the capitalisation rates and market rents adopted by comparing assumptions made in the current year with prior years' and with current publicly available data; and
- comparing tenancy information provided by the Group to the external surveyors, including committed rents and occupancy rates, by comparing with underlying contracts and related documentation, on a sample basis.

KEY AUDIT MATTERS *(continued)*

Assessing the net realisable value of properties under development

Refer to the accounting policy at notes 2(d) and 2(j) and notes 14 and 15 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group holds either directly or through its joint ventures, properties under development ("PUD") located in Hong Kong. These properties are stated at the lower of cost and net realisable value, which is the estimated selling prices less estimated costs to completion and costs to be incurred in selling the properties. The determination of the net realisable value of these properties requires management estimation and judgement, particularly in determining expected future selling prices and costs to completion. We identified the assessment of net realisable value of PUD as a key audit matter because of the significance of these properties to the Group's total assets and because the assessment of net realisable value is inherently subjective and requires significant management judgement and estimation which increases the risk of error or potential management bias.	Our audit procedures to assess the net realisable value of PUD included the following: • obtaining and inspecting management's valuation assessment on which management's assessment of the net realisable value of PUD was based; • assessing the appropriateness of the valuation methodology with reference to prevailing accounting standards; • assessing the reasonableness of expected future selling prices by comparing with, recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development; and • conducting site visits to PUD to observe the development progress and evaluating the reasonableness of the estimated costs to completion by comparing with publicly available construction cost information for properties of a similar nature and location respectively, signed construction contracts and/or unit construction costs of recently completed projects.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 Chan Tak Kei.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	3	**364,291**	353,228
Cost of services		**(189,858)**	(189,180)
Gross profit		**174,433**	164,048
Other income and net gain	4	**18,796**	1,488
Gain on disposal of a subsidiary		**–**	38,384
Administrative and other operating expenses		**(53,368)**	(81,937)
Increase in fair value of investment properties	11(a)	**54,268**	–
Operating profit		**194,129**	121,983
Finance income	5(a)	**18,314**	8,270
Finance costs	5(b)	**(36,595)**	(30,814)
Share of results of associates		**(130,239)**	(37,611)
Share of results of joint ventures		**(27)**	–
Profit before taxation	5	**45,582**	61,828
Income tax	6(a)	**(17,883)**	(33,659)
Profit for the year		**27,699**	28,169
Attributable to:			
Shareholders of the Company		**27,699**	28,169
Non-controlling interests		**–**	–
Profit for the year		**27,699**	28,169
Earnings per share-basic and diluted	10	**HK$0.07**	HK$0.07

The notes on pages 56 to 112 from part of these consolidated financial statements. Details of dividends paid and payable to shareholders of the Company attributable on the profit for the year are set out in note 9.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
Profit for the year	**27,699**	28,169
Other comprehensive income for the year:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of overseas subsidiaries	**1,041**	(1,756)
Exchange reserve reclassified to profit or loss upon disposal of a subsidiary	**–**	10,694
Other comprehensive income for the year	**1,041**	8,938
Total comprehensive income for the year	**28,740**	37,107
Attributable to:		
Shareholders of the Company	**28,740**	37,116
Non-controlling interests	**–**	(9)
Total comprehensive income for the year	**28,740**	37,107

The notes on pages 56 to 112 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties	11	**1,993,100**	1,994,300
Property, plant and equipment	11	**980,279**	879,451
Interests in associates	13	**251,936**	371,001
Interests in joint ventures	14	**256,114**	393,400
		3,481,429	3,638,152
Current assets			
Properties under development	15	**939,657**	796,700
Trade and other receivables	16	**76,668**	110,476
Investment instruments	18	**–**	223,220
Tax recoverable		**3,283**	4,003
Bank balances and cash		**610,286**	585,114
		1,629,894	1,719,513
Current liabilities			
Trade and other payables	20	**(328,517)**	(335,066)
Contract liabilities	17	**(36,272)**	–
Lease liabilities	21	**(5,026)**	(10,210)
Tax payable		**(16,534)**	(12,918)
		(386,349)	(358,194)
Net current assets		**1,243,545**	1,361,319
Total assets less current liabilities		**4,724,974**	4,999,471
Non-current liabilities			
Bank loan	22	**(367,058)**	(645,670)
Lease liabilities	21	**(13,308)**	(1,838)
Deferred tax liabilities	23	**(48,984)**	(50,021)
		(429,350)	(697,529)
NET ASSETS		**4,295,624**	4,301,942

Consolidated Statement of Financial Position *(continued)*

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
CAPITAL AND RESERVES			
Share capital	24(b)	**3,895**	3,895
Reserves		**4,291,730**	4,298,048
Total equity attributable to shareholders of the Company		**4,295,625**	4,301,943
Non-controlling interests		**(1)**	(1)
TOTAL EQUITY		**4,295,624**	4,301,942

Approved and authorised for issue by the board of directors on 27 March 2024.

Sun Jia	**Yip Hoi Man**
Director	*Director*

The notes on pages 56 to 112 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

		Attributable to shareholders of the Company						
	Note	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023		**3,895**	**1,030,877**	**3,550**	**3,263,621**	**4,301,943**	**(1)**	**4,301,942**
Changes in equity for 2023:								
Profit for the year		**–**	**–**	**–**	**27,699**	**27,699**	**–**	**27,699**
Exchange differences arising on translation of foreign operations		**–**	**–**	**1,041**	**–**	**1,041**	**–**	**1,041**
Total comprehensive income		**–**	**–**	**1,041**	**27,699**	**28,740**	**–**	**28,740**
Final dividend approved in respect of the previous year	9(b)	**–**	**–**	**–**	**(35,058)**	**(35,058)**	**–**	**(35,058)**
At 31 December 2023		**3,895**	**1,030,877**	**4,591**	**3,256,262**	**4,295,625**	**(1)**	**4,295,624**
At 1 January 2022		3,895	1,030,877	(5,397)	3,270,510	4,299,885	342	4,300,227
Changes in equity for 2022:								
Profit for the year		–	–	–	28,169	28,169	–	28,169
Exchange differences arising on translation of foreign operations		–	–	8,947	–	8,947	(9)	8,938
Total comprehensive income		–	–	8,947	28,169	37,116	(9)	37,107
Final dividend approved in respect of the previous year	9(b)	–	–	–	(35,058)	(35,058)	–	(35,058)
Acquisition of non-controlling interests		–	–	–	–	–	(334)	(334)
At 31 December 2022		3,895	1,030,877	3,550	3,263,621	4,301,943	(1)	4,301,942

The notes on pages 56 to 112 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Operating activities			
Net cash generated from operations	19(a)	**10,577**	210,659
Hong Kong Profits Tax paid		**(14,205)**	(4,917)
Hong Kong Profits Tax refunded		**1,824**	6,120
Overseas tax paid		**(2,202)**	(49,640)
Net cash (used in)/generated from operating activities		**(4,006)**	162,222
Investing activities			
Payments for acquisition of subsidiaries, net of cash and cash equivalents of the subsidiaries acquired		**–**	(805,445)
Net proceed from disposal of investment properties		**71,122**	–
Payments for additions of investment properties		**(1,935)**	–
Payments for additions of property, plant and equipment		**(69,023)**	(150,256)
Proceed from disposal of a subsidiary		**–**	581,700
Repayments from investment instruments		**243,404**	175,468
Bank interest received		**16,796**	6,556
Interest received from an associate		**1,518**	1,714
Repayments from an associate		**10,262**	22,786
Dividend received from an associate		**–**	43,896
Advance from an associate		**–**	15,673
Additional investment in an associate		**(20,920)**	(6,004)
Advances to joint ventures		**(20,017)**	(393,400)
Repayments from a joint venture		**157,276**	–
Net cash generated from/(used in) investing activities		**388,483**	(507,312)
Financing activities			
Interest and other finance charges paid	19(b)	**(35,952)**	(29,896)
Capital element of lease rentals paid	19(b)	**(10,011)**	(11,424)
Interest element of lease rentals paid	19(b)	**(433)**	(717)
Proceed from a new bank loan	19(b)	**–**	200,000
Repayment of a bank loan	19(b)	**(278,822)**	–
Dividends paid		**(35,058)**	(35,058)
Acquisition of non-controlling interests		**–**	(334)
Net cash (used in)/generated from financing activities		**(360,276)**	122,571
Net increase/(decrease) in cash and cash equivalents		**24,201**	(222,519)
Cash and cash equivalents at 1 January		**585,114**	811,937
Effect of foreign exchange rate changes		**971**	(4,304)
Cash and cash equivalents at 31 December		**610,286**	585,114
Analysis of the balances of cash and cash equivalents at 31 December			
Bank balances and cash		**610,286**	585,114

The notes on pages 56 to 112 form part of these consolidated financial statements.

Notes to the Financial Statements

1 GENERAL INFORMATION

Vanke Overseas Investment Holding Company Limited (the "Company" and together with its subsidiaries, the "Group") is a limited liability company incorporated in the Cayman Islands whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The registered office is located at is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the principal office in Hong Kong is located at Room A, 43rd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The principal activities of the Group are asset management, property development and property investment.

The directors consider the immediate holding company and the ultimate holding company to be Wkland Investments Company Limited and China Vanke Co., Ltd.. Wkland Investments Company Limited is a company incorporated in the British Virgin Islands with limited liability, while China Vanke Co., Ltd. Is a joint stock company with limited liability incorporated in the People's Republic of China and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). As Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. The equivalent amendments to HKFRSs consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The HKICPA has also issued a new HKICPA guidance on the accounting implication of the mandatory provident fund and long service payment ("LSP") offsetting mechanism in July 2023. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance. There is no material impact to the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment properties are stated at their fair value as explained in note 2(f).

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests *(continued)*

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Noncontrolling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. maintenance and serviced residence operations, etc.). When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)).

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the group or company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or the joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associate's or the joint venture's net assets and any impairment loss relating to the investment (see note 2(i)). At each reporting date, the group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised in the consolidated statement of comprehensive income.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate and joint venture, except when recognised losses provide evidence of an impairment of the asset transferred, in which case they recognised immediately in profit or loss.

(e) Investment instruments

Investment instruments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs. These instruments are subsequently measured at amortised cost, as they are held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(r)(iv)).

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(r)(i).

(g) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

– Other properties leased for own use	Over the lease term
– Office and carpark equipment	5 years
– Computer equipment	5 years
– Furniture and fixtures	5 years
– Hotel and serviced apartments	Over the lease term

Property under redevelopment are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready for use.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Leased assets

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(i)(ii)), except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2(f).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 2(e), 2(i)(i) and 2(r)(iv)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions that occured as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16, Leases. In such cases, the Group took advantage of the practical expedient not to assess whether that rent concessions are lease modifications, and recognised the change in consideration as which the event or condition that triggers the rent concessions occured.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Leased assets *(continued)*

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease. The rental income from operating leases is recognised in accordance with note 2(r)(i).

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, contract assets, trade and other receivables, amounts due from associates/group companies and investment instruments).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Credit losses and impairment of assets *(continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment including right-of-use assets; and

– interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS/HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(i)(i) and (ii)).

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

– *Property development*

Cost and net realisable values are determined as follows:

– *Property under development for sale*

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(t)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– *Completed property held for resale*

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the group recognises the related revenue (see note 2(r)). A contract liability is also recognised if the group has an unconditional right to receive non-refundable consideration before the group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(r)(iv)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables that do not contain a significant financing component are initially measured at their transaction price. Receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All are subsequently stated at amortised cost using the effective interest method, and including allowance for credit losses (see note 2(i)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(i)(i).

(o) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for recognised purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(p) Income tax *(continued)*

Where investment properties are carried at their fair value in accordance with note 2(f) the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(r) Revenue and other income *(continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(ii) Asset management fee income and property management income

Asset management fee income and property management income are recognised when the services are provided.

(iii) Income from hotel and serviced apartments

Income from room revenue is recognised over time during the period of stay of hotel guests.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(u) Related parties *(continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue recognised during the year is as follows:

	2023 **HK$'000**	2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15 recognised over time		
Property management fee income	**17,558**	16,379
Asset management fee income	**216,186**	200,380
Income from hotel and serviced apartments	**10,236**	–
Revenue from other sources		
Rental income from investment properties	**79,747**	85,041
Interest income on investment instruments	**40,564**	51,428
	364,291	353,228

At 31 December 2023, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of profit or loss in the future from pre-completion sales contracts entered into in relation to the Group's properties under development, which are pending assignment, amounted to HK$208,282,000 which will be recognised when the pre-sold properties are assigned to the customers.

3 REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment reporting

The Group's chief operating decision maker assesses the performance of the operating segment primarily based on segment profit. Segment profit represents the profit earned by the segment and excludes mainly head office and corporate expenses (net of unallocated income), finance income-bank interest income and income tax.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following three segments:

Property investment: The leasing of the Group's investment properties to earn rental and management fee income and to gain from the appreciation in properties' values in the long term

Property development: Sales of properties, income from hotel and services apartments, share of the results of associates and joint ventures that principal activities are property development and financing from the Group's perspective, interest income from an associate and interest income on investment instruments

Asset management: Asset management fee income from the provision of asset management services

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment except for plant and equipment, other receivables, other deposits, prepayments, tax recoverable and bank balances and cash. No segment liabilities analysis is presented as the Group monitors and manages its liabilities on a group basis.

Revenue from customers which accounts for 10% or more of the Group's revenue are set out below:

	2023 **HK$'000**	2022 HK$'000
Property development segment – Customer A	**40,564**	51,428
Asset management segment – entities controlled by the ultimate holding company	**216,186**	200,380

3 REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment reporting *(continued)*

Operating segments

The segment results are as follows:

For the year ended 31 December 2023

	Property investment HK$'000	Property development HK$'000	Asset management HK$'000	Total HK$'000
Revenue	**97,305**	**50,800**	**216,186**	**364,291**
Segment results before changes in fair value of investment properties and net gain on disposal of investment properties	**33,641**	**(125,390)**	**62,736**	**(29,013)**
Increase in fair value of investment properties	**54,268**	**–**	**–**	**54,268**
Net gain on disposal of investment properties	**13,719**	**–**	**–**	**13,719**
Segment results	**101,628**	**(125,390)**	**62,736**	**38,974**
Head office and corporate expenses (net of unallocated income)				**(10,188)**
Finance income-bank interest income				**16,796**
Profit before taxation				**45,582**
Income tax				**(17,883)**
Profit for the year				**27,699**

3 REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment reporting *(continued)*

Operating segments (continued)

For the year ended 31 December 2022

	Property investment HK$'000	Property development HK$'000	Asset management HK$'000	Total HK$'000
Revenue	101,420	51,428	200,380	353,228
Segment results before gain on disposal of a subsidiary	40,536	(39,923)	38,300	38,913
Gain on disposal of a subsidiary	38,384	–	–	38,384
Segment results	78,920	(39,923)	38,300	77,297
Head office and corporate expenses (net of unallocated income)				(22,025)
Finance income-bank interest income				6,556
Profit before taxation				61,828
Income tax				(33,659)
Profit for the year				28,169

Total assets by segment

	2023 HK$'000	2022 HK$'000
Property investment	**1,994,844**	1,996,606
Property development	**2,410,297**	2,649,665
Asset management	**68,855**	60,222
Segment assets	**4,473,996**	4,706,493
Plant and equipment	**9,631**	3,992
Other receivables	**14,127**	58,063
Tax recoverable	**3,283**	4,003
Bank balances and cash	**610,286**	585,114
Total assets	**5,111,323**	5,357,665

3 REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment reporting *(continued)*

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, hotel and other serviced apartments, property under redevelopment, other property leased for own use, interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment properties, hotel and other serviced apartments, property under redevelopment and other properties leased for own use, and the location of operations, in the case of interests in associates and joint ventures.

	Revenue from external customers		Specific non-current assets	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**218,237**	179,929	**3,388,777**	3,441,446
United Kingdom	**13,289**	16,693	**–**	–
United States	**132,765**	156,606	**83,021**	192,714
Total	**364,291**	353,228	**3,471,798**	3,634,160

4 OTHER INCOME AND NET GAIN

	2023	2022
	HK$'000	HK$'000
Compensation received from tenants on early lease termination	**56**	42
Management fee income from related companies	**4,894**	1,295
Net gain on disposal of investment properties	**13,719**	–
Others	**127**	151
	18,796	1,488

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2023 HK$'000	2022 HK$'000
(a) Finance income		
Interest income on bank deposits and bank balances	**(16,796)**	(6,556)
Interest income on an amount due from an associate	**(1,518)**	(1,714)
	(18,314)	(8,270)
(b) Finance costs		
Interest expenses on bank loan	**34,806**	24,592
Other borrowing costs	**1,356**	5,505
	36,162	30,097
Interest expenses on lease liabilities	**433**	717
	36,595	30,814
(c) Staff costs (including directors' emoluments)		
Contributions to defined contribution plan	**5,995**	5,256
Salaries, wages and other benefits	**118,408**	125,642
	124,403	130,898

The Group participates in a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

5 PROFIT BEFORE TAXATION *(continued)*

	2023 HK$'000	2022 HK$'000
(d) Others		
Auditors' remuneration		
– audit services	**1,130**	1,130
– non-audit services	**238**	310
Depreciation (note 11(a))	**18,341**	12,258
Reversal of provision for impairment on trade receivables (note 25(a))	**–**	(1,953)
Impairment losses on investment instruments (note 25(a))	**30,654**	51,779
Net foreign exchange (gain)/loss	**(1,233)**	719
Rental and related income from investment properties less direct outgoings of HK$26,242,000 (2022: HK$27,590,000)	**(71,063)**	(73,830)

6 INCOME TAX

(a) Income tax represents:

	2023 HK$'000	2022 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**7,834**	7,897
Under/(over)-provision in prior years	**514**	(227)
	8,348	7,670
Current tax – Overseas		
Provision for the year	**10,434**	16,697
Under-provision in prior years	**138**	6,095
	10,572	22,792
Deferred tax		
Origination and reversal of temporary differences (note 23)	**(1,037)**	3,197
	17,883	33,659

6 INCOME TAX *(continued)*

(a) Income tax represents: *(continued)*

Provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) on the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Overseas taxation is calculated at rate of tax applicable in the jurisdictions in which the Group is assessed for tax.

Share of associates' income tax expense of HK$99,000 (2022: HK$6,462,000) is included in the share of results of associates for the year ended 31 December 2023.

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2023	2022
	HK$'000	HK$'000
Profit before taxation	**45,582**	61,828
Notional tax on profit before taxation calculated at the rates applicable to profits in the jurisdictions concerned	**29,643**	21,641
Tax effect of non-deductible expenses	**3,806**	5,647
Tax effect of non-taxable income	**(24,428)**	(1,958)
Tax effect of tax losses not recognised	**8,210**	2,461
Under-provision in prior years	**652**	5,868
Tax expense	**17,883**	33,659

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2023				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Sun Jia	**200**	**–**	**–**	**–**	**200**
Ms. Yip Hoi Man (appointed with effect from 1 August 2023)	**83**	**–**	**–**	**–**	**83**
Ms. Que Dongwu (resigned with effect from 1 August 2023)	**117**	**148**	**–**	**–**	**265**
Mr. Ding Changfeng	**200**	**–**	**–**	**–**	**200**
Ms. Zhou Yue (resigned with effect from 1 August 2023)	**117**	**1,428**	**–**	**115**	**1,660**
	717	**1,576**	**–**	**115**	**2,408**
Non-Executive Director					
Ms. Han Huihua (appointed with effect from 1 August 2023)	**63**	**–**	**–**	**–**	**63**
Independent Non-Executive Directors					
Mr. Choi Fan Wai	**200**	**85**	**–**	**–**	**285**
Ms. Law Chi Yin, Cynthia	**200**	**80**	**–**	**–**	**280**
Mr. Zhang Anzhi	**200**	**90**	**–**	**–**	**290**
	600	**255**	**–**	**–**	**855**
	1,380	**1,831**	**–**	**115**	**3,326**

7 DIRECTORS' EMOLUMENTS *(continued)*

	2022				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Sun Jia	200	–	–	–	200
Ms. Que Dongwu	200	274	–	–	474
Mr. Ding Changfeng (appointed on 23 May 2022)	122	–	–	–	122
Ms. Zhou Yue	200	2,378	1,005	191	3,774
Mr. Lee Kai-Yan (resigned on 23 May 2022)	78	1,341	–	143	1,562
	800	3,993	1,005	334	6,132
Independent Non-Executive Directors					
Mr. Choi Fan Wai	200	80	–	–	280
Ms. Law Chi Yin, Cynthia	200	105	–	–	305
Mr. Zhang Anzhi	200	125	–	–	325
	600	310	–	–	910
	1,400	4,303	1,005	334	7,042

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals in the Group for the year include no directors (2022: one director). The aggregate emoluments in respect of the five (2022: four) highest paid individuals are as follows:

	2023 HK$'000	2022 HK$'000
Salaries, allowances and benefits in kind	**14,910**	11,304
Discretionary bonuses	**1,357**	4,279
Retirement scheme contributions	**662**	196
	16,929	15,779

The emoluments of the non-director and highest paid individuals are within the following bands:

	Number of individuals 2023	 2022
HK$2,500,001 – HK$3,000,000	**1**	–
HK$3,000,001 – HK$3,500,000	**2**	–
HK$3,500,001 – HK$4,000,000	**2**	2
HK$4,000,001 – HK$4,500,000	**–**	2
	5	4

During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to any of five highest paid individuals (including Directors) as an inducement to join or upon joining the Group, or as compensation for loss of office.

9 DIVIDENDS

(a) Dividends attributable to the year

	2023 HK$'000	2022 HK$'000
Final dividend proposed after the end of reporting period of HK$0.06 (2022: HK$0.09) per share	**23,372**	35,058

At a meeting held on 27 March 2024, the Directors recommended a final dividend of HK$0.06 per share. This proposed dividend is not reflected as a dividend payable in the Group's consolidated financial statements until it has been approved by the shareholders of the Company and will be reflected as an appropriation of reserves in the year ending 31 December 2024.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2023 HK$'000	2022 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.09 (2022: HK$0.09) per share	**35,058**	35,058

No Shareholder has waived or agreed to waive any dividends for the years ended 31 December 2022 and 2023.

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK$27,699,000 (2022: HK$28,169,000) and 389,527,932 (2022: 389,527,932) shares in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (2022: nil).

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

		Property, plant and equipment						
	Investment properties $'000	Property under redevelopment $'000	Hotel and serviced apartments $'000	Other properties leased for own use $'000	Furniture and fixtures $'000	Plant and equipment $'000	Sub-total $'000	Total $'000
Cost or valuation:								
At 1 January 2022	3,317,746	680,435	–	26,338	–	2,184	708,957	4,026,703
Disposal of a subsidiary	(1,325,578)	–	–	–	–	–	–	(1,325,578)
Additions	–	183,312	–	19,283	–	3,781	206,376	206,376
Exchange adjustments	2,132	–	–	–	–	(6)	(6)	2,126
At 31 December 2022	1,994,300	863,747	–	45,621	–	5,959	915,327	2,909,627
Representing:								
At cost	–	863,747	–	45,621	–	5,959	915,327	915,327
At valuation	1,994,300	–	–	–	–	–	–	1,994,300
	1,994,300	863,747	–	45,621	–	5,959	915,327	2,909,627
At 1 January 2023	**1,994,300**	**863,747**	**–**	**45,621**	**–**	**5,959**	**915,327**	**2,909,627**
Additions	**1,935**	**89,745**	**–**	**16,297**	**5,827**	**7,232**	**119,101**	**121,036**
Fair value gain	**54,268**	**–**	**–**	**–**	**–**	**–**	**–**	**54,268**
Disposal	**(57,403)**	**–**	**–**	**–**	**–**	**–**	**–**	**(57,403)**
Transfer upon completion	**–**	**(953,492)**	**953,492**	**–**	**–**	**–**	**–**	**–**
Exchange adjustments	**–**	**–**	**–**	**–**	**–**	**92**	**92**	**92**
At 31 December 2023	**1,993,100**	**–**	**953,492**	**61,918**	**5,827**	**13,283**	**1,034,520**	**3,027,620**
Representing:								
At cost	**–**	**–**	**953,492**	**61,918**	**5,827**	**13,283**	**1,034,520**	**1,034,520**
At valuation	**1,993,100**	**–**	**–**	**–**	**–**	**–**	**–**	**1,993,100**
	1,993,100	**–**	**953,492**	**61,918**	**5,827**	**13,283**	**1,034,520**	**3,027,620**

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of carrying amount *(continued)*

		Property, plant and equipment						
	Investment properties $'000	Property under redevelopment $'000	Hotel and serviced apartments $'000	Other properties leased for own use $'000	Furniture and fixtures $'000	Plant and equipment $'000	Sub-total $'000	Total $'000
Accumulated depreciation:								
At 1 January 2022	–	–	–	(22,727)	–	(894)	(23,621)	(23,621)
Charge for the year	–	–	–	(11,182)	–	(1,076)	(12,258)	(12,258)
Exchange adjustments	–	–	–	–	–	3	3	3
At 31 December 2022	–	–	–	(33,909)	–	(1,967)	(35,876)	(35,876)
At 1 January 2023	**–**	**–**	**–**	**(33,909)**	**–**	**(1,967)**	**(35,876)**	**(35,876)**
Charge for the year	**–**	**–**	**(4,996)**	**(11,393)**	**(291)**	**(1,661)**	**(18,341)**	**(18,341)**
Exchange adjustments	**–**	**–**	**–**	**–**	**–**	**(24)**	**(24)**	**(24)**
At 31 December 2023	**–**	**–**	**(4,996)**	**(45,302)**	**(291)**	**(3,652)**	**(54,241)**	**(54,241)**
Net book value:								
At 31 December 2023	**1,993,100**	**–**	**948,496**	**16,616**	**5,536**	**9,631**	**980,279**	**2,973,379**
At 31 December 2022	1,994,300	863,747	–	11,712	–	3,992	879,451	2,873,751

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (continued)

(i) *Fair value hierarchy*

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2023	**Fair value measurements at 31 December 2023 categorised into**		
		Level 1	**Level 2**	**Level 3**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recurring fair value measurement				
Investment properties:				
– Industrial-Hong Kong	**1,993,100**	**–**	**–**	**1,993,100**

	Fair value at 31 December 2022	Fair value measurements at 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement				
Investment properties:				
– Industrial-Hong Kong	1,994,300	–	–	1,994,300

During the year ended 31 December 2023, there were no transfers between Level 1 and Level 2 (2022: nil), or transfers into or out of Level 3 (2022: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Fair value measurement of investment properties

The Group's investment properties were revalued at 31 December 2023. The valuations were carried out by independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, which as among its staff experienced members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the property being valued. Management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(i) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range (weighted average)
Investment properties – Hong Kong	Term and reversionary approach	Term period	
		– capitalisation rate	3.5% (2022: 3.5%)
		Reversionary period	
		– capitalisation rate	4% (2022: 4%)
		– market rent per square foot	HK$9.9–10.9 (HK$10.4) (2022: HK$9.4–10.5 (HK$10.0))

The fair value of investment properties in Hong Kong is determined by taking into account the net rental income of the property derived from the existing leases with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at appropriate capitalisation rates, and with reference to the comparable sale transactions as available in the market. The fair value measurement is positively correlated to the market rent per square foot, and negatively correlated to the capitalisation rates.

The movements during the year in the balance of these Level 3 fair value measurements are set out in note 11(a) to the consolidated financial statements.

Fair value adjustment of investment properties is recognised in the line item "Increase in fair value of investment properties" on the face of the consolidated statement of profit or loss.

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT *(continued)*

(c) Investment properties

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 4 years (2022: 1 to 4 years), with an option to renew the lease after that date at which time all terms are renegotiated. Certain leases include variable lease payment terms that are based on the revenue of tenants.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2023 HK$'000	2022 HK$'000
Within 1 year	**66,415**	70,367
After 1 year but within 2 years	**33,178**	22,458
After 2 years but within 3 years	**12,882**	3,446
After 3 years but within 4 years	**804**	1,384
	113,279	97,655

(d) Other properties leased for own use

The Group has obtained the rights to use certain properties as its offices through tenancy agreements. The leases run for initial periods of 2 to 4.8 years.

(e) Property under redevelopment and hotel and serviced apartments

The property is located in Hong Kong and with remaining lease term of less than 50 years.

12 INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2023	2022
	HK$'000	HK$'000
Unlisted shares, at cost (note (a))	**–**	–
Amounts due from subsidiaries (non-current) (note (b))	**1,652,406**	1,843,173
	1,652,406	1,843,173
Amount due from a subsidiary (current) (note (b))	**433,981**	–

Notes:

(a) *The balance represents the subsidiaries' unlisted shares (at cost) of HK$23 (2022: HK$23).*

(b) *The amounts due from subsidiaries are unsecured and interest-free. The amount of HK$433,981,000 (2022: nil) is expected to be recovered within one year, while the remaining amount of HK$1,652,406,000 (2022: HK$1,843,173,000) will be recovered after one year.*

(c) *Particulars of the principal subsidiaries are set out on pages 111 and 112.*

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES

	2023	2022
	HK$'000	HK$'000
Share of net assets	**216,966**	278,927
Amounts due from associates (non-current) (note (a))	**34,970**	92,074
	251,936	371,001
Amount due from an associate (current) (note (a))	**1,081**	1,597
Amount due to an associate (current) (note (b))	**134,834**	134,834

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES *(continued)*

Details of the Group's interests in associates, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Ultimate Vantage Limited*	Incorporated	Hong Kong	100 ordinary shares (HK$100)	20%	–	20%	Property development
Gold Value Limited*	Incorporated	Hong Kong	100 ordinary shares (HK$100)	20%	–	20%	Property financing
657-667 Mission Street Venture LLC*#	Incorporated	United States of America ("USA")	US$33,862,528	45%	–	45%	Investment holding
657-667 Mission Holdings LLC*#	Incorporated	USA	US$33,862,528	45%	–	45%	Investment holding
657-667 Mission Mezz LLC*#	Incorporated	USA	US$33,862,528	45%	–	45%	Financing
657-667 Mission Property Owner LLC*#	Incorporated	USA	US$33,862,528	45%	–	45%	Property investment

* *Unlisted corporate entity whose quoted market price is not available*

\# *657-667 Mission Street Venture LLC and its subsidiaries (together, the "Mission Venture Group")*

Notes:

(a) *An amount due from Gold Value Limited ("GVL") of HK$36,051,000 (2022: HK$46,312,000) is unsecured and interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The amount of HK$1,081,000 (2022: HK$1,597,000) is expected to be recovered within one year, while the remaining amount of HK$34,970,000 (2022: HK$44,715,000) will be recovered after one year. As at 31 December 2022, an amount due from 657-667 Mission Street Venture LLC of HK$47,359,000 was unsecured, interest-free and recoverable after one year.*

(b) *An amount due to Ultimate Vantage Limited ("UVL") of HK$134,834,000 (2022: HK$134,834,000) is unsecured, interest-free and repayable on demand.*

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES *(continued)*

Summarised financial information of the associates, reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

2023

	UVL HK$'000	GVL HK$'000	Mission Venture Group HK$'000	
Gross amounts of associates				
Non-current assets	–	142,427	912,600	
Current assets	686,335	40,503	176,813	
Current liabilities	(19,113)	(5,578)	(18,088)	
Non-current liabilities	–	(174,847)	(886,834)	
Equity	667,222	2,505	184,491	
Revenue	163	9,391	–	
Profit/(loss) for the year	(76)	825	(289,752)	
Total comprehensive income	(76)	825	(289,752)	
Additional investment from shareholders	–	–	46,488	
Deemed contributions from shareholders	–	–	105,242	
Reconciled to the Group's interest in associates				
Gross amounts of net assets	667,222	2,505	184,491	
Group's effective interest	20%	20%	45%	
Group's share of net assets	133,444	501	83,021	216,966
Amounts due from associates – non-current portion	–	34,970	–	34,970
Carrying amount in the consolidated statement of financial position	133,444	35,471	83,021	251,936
Amount due from an associate – current portion	–	1,081	–	1,081
Amount due to an associate – current portion	(134,834)	–	–	(134,834)

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES *(continued)*

2022

	UVL HK$'000	GVL HK$'000	Mission Venture Group HK$'000	
Gross amounts of associates				
Non-current assets	–	192,837	1,279,301	
Current assets	734,893	40,573	7,839	
Current liabilities	(67,595)	(8,213)	(6,801)	
Non-current liabilities	–	(223,517)	(957,826)	
Equity	667,298	1,680	322,513	
Revenue	1,832	10,713	–	
Profit/(loss) for the year	145,485	1,293	(148,816)	
Total comprehensive income	145,485	1,293	(148,816)	
Additional investment from shareholders	–	–	13,342	
Dividends to shareholders	–	–	(202,786)	
Reconciled to the Group's interest in associates				
Gross amounts of net assets	667,298	1,680	322,513	
Group's effective interest	20%	20%	45%	
Group's share of net assets	133,460	336	145,131	278,927
Amounts due from associates – non-current portion	–	44,715	47,359	92,074
Carrying amount in the consolidated statement of financial position	133,460	45,051	192,490	371,001
Amount due from an associate – current portion	–	1,597	–	1,597
Amount due to an associate – current portion	(134,834)	–	–	(134,834)

14 INTERESTS IN JOINT VENTURES

	2023 HK$'000	2022 HK$'000
Share of net liabilities	**(27)**	–
Amounts due from joint ventures (non-current) (note (a))	**256,141**	393,400
	256,114	393,400

Notes:

(a) *An amount due from Champion Estate (HK) Limited of HK$256,133,000 (2022: nil) is unsecured, interest-bearing at 3% per annum and recoverable after one year. An amount due from Champion Estate Holdings Limited of HK$8,000 (2022: HK$393,400,000) is unsecured, interest-free and recoverable after one year.*

(b) *As at 31 December 2023, a guarantee provided by the Group for term loan facilities granted by a bank to Champion Estate (HK) Limited of HK$372,275,000 (2022: nil) is several and proportionate to the shareholding interest of the Company in Champion Estate (HK) Limited.*

Details of the Group's interests in joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Held by a joint venture	Principal activity
Champion Estate Holdings Limited*	Incorporated	British Virgin Islands	2 ordinary shares (US$2)	50%	–	50%	–	Investment holding
Champion Estate (HK) Limited*	Incorporated	Hong Kong	1 ordinary share (HK$1)	50%	–	–	100%	Property development

* *Unlisted corporate entity whose quoted market price is not available, Champion Estate Holdings Limited and its subsidiary (together, the "Champion Group")*

14 INTERESTS IN JOINT VENTURES *(continued)*

Summarised financial information of the Champion Group, reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	2023 HK$'000	2022 HK$'000
Gross amounts of joint ventures		
Non-current assets	**–**	–
Current assets	**839,413**	787,780
Current liabilities	**(18,543)**	(787,780)
Non-current liabilities	**(820,924)**	–
Deficit	**(54)**	–
Revenue	**–**	–
Loss for the year	**(54)**	–
Total comprehensive income	**(54)**	–
Reconciled to the Group's interests in joint ventures		
Gross amount of net liabilities	**(54)**	–
Group's effective interest	**50%**	50%
Group's share of net liabilities	**(27)**	–
Amounts due from joint ventures – non-current portion	**256,141**	393,400
Carrying amount in the consolidated statement of financial position	**256,114**	393,400

15 PROPERTIES UNDER DEVELOPMENT

	2023 HK$'000	2022 HK$'000
Balance as at 1 January	**796,700**	–
Acquisition of subsidiaries	**–**	726,772
Additions	**142,957**	69,928
Balance as at 31 December	**939,657**	796,700

The properties are located in No. 221–233 Yee Kuk Street, Sham Shui Po, Kowloon, Hong Kong with remaining lease term between 10 and 50 years.

Properties under development are expected to be completed within the normal operating cycle, recovered after more than one year from the end of the reporting period and included under current assets.

16 TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables (note (a))	**1,445**	1,080
Unamortised rent receivables	**299**	1,226
Other receivables	**2,192**	13,976
Other deposits	**7,180**	7,744
Prepayments	**9,364**	1,168
Amount due from an associate (note 13(a))	**1,081**	1,597
Amount due from an intermediate holding company (note (b))	**32,055**	24,553
Amounts due from fellow subsidiaries (note (b))	**23,052**	59,132
	76,668	110,476

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition, is as follows:

	2023 HK$'000	2022 HK$'000
0 to 30 days	**1,044**	997
31 to 90 days	**401**	83
	1,445	1,080

Trade receivables are generally due within 15 to 90 days from the date of revenue recognition. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 25(a).

(b) The amounts due from an intermediate holding company and fellow subsidiaries are unsecured, interest-free and recoverable on demand. Included in the balances were trade receivables from an intermediate holding company and fellow subsidiaries of HK$32,055,000 (2022: HK$24,553,000) and HK$20,184,000 (2022: HK$23,957,000), respectively, which arose from the provision of asset management services. The ageing of the balance of HK$52,239,000 (2022: HK$48,510,000) is less than 30 days from the date of revenue recognition.

17 CONTRACT LIABILITIES

	2023 $'000	2022 $'000
Forward sales deposits received	**36,272**	–

The Group receives 5% to 15% of the amount of sale consideration as deposits from customers when they sign the sale and purchase agreements relating to property sales. Such deposit is recognised as a contract liability until the property is completed and legally assigned to the customer. The rest of the sale consideration is typically paid when legal assignment is completed.

Movements in contract liabilities

	2023 $'000	2022 $'000
Balance at 1 January	**–**	–
Increase in contract liabilities as a result of forward sales deposits received from customers during the year in relation to property under development pending assignment at the end of the year	**36,272**	–
Balance at 31 December	**36,272**	–

The sales deposits are expected to be recognised as revenue within one year after the reporting period.

18 INVESTMENT INSTRUMENTS

	2023 $'000	2022 $'000
Gross carrying amount	**–**	306,173
Allowance for impairment losses (note 25(a))	**–**	(82,953)
Net carrying amount	**–**	223,220

The Group invested in the investment instruments for funding a property development project.

The investment instruments were interest-bearing at 14.15% per annum and the original maturity date was 20 December 2020. The borrowers had the right to extend the original maturity date for five successive one-year periods upon the expiration of each extension period. During the year ended 31 December 2022, the borrowers have exercised the third extension option and the maturity date of the investment instruments was extended to 20 December 2023. During the year, the net carrying amount of HK$243,404,000 (2022: HK$175,468,000) has been fully repaid to the Group.

18 INVESTMENT INSTRUMENTS *(continued)*

As at 31 December 2022, the investment instruments were guaranteed by a holding company of the borrowers. The balance of HK$172,375,000 was secured by the equity interest of a borrower, while the remaining balance of HK$133,798,000 was unsecured.

Further details on the Group's credit policy and credit risk arising from investment instruments are set out in note 25(a).

19 OTHER CASH FLOW INFORMATION

(a) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2023** **HK$'000**	2022 HK$'000
Profit before taxation		**45,582**	61,828
Adjustments for:			
Share of results of associates		**130,239**	37,611
Share of results of joint ventures		**27**	–
Net gain on disposal of a subsidiary		**–**	(38,384)
Net gain on disposal of investment properties	4	**(13,719)**	–
Finance income	5(a)	**(18,314)**	(8,270)
Finance costs	5(b)	**36,595**	30,814
Depreciation	5(d)	**18,341**	12,258
Increase in fair value of investment properties	11(a)	**(54,268)**	–
Interest income from investment instruments	3(a)	**(40,564)**	(51,428)
Reversal of provision for impairment on trade receivables	5(d)	**–**	(1,953)
Impairment losses on investment instruments	5(d)	**30,654**	51,779
Changes in working capital:			
Increase in properties under development		**(91,812)**	(60,456)
Decrease in trade and other receivables		**23,019**	189,367
Decrease in trade and other payables		**(91,475)**	(12,507)
Increase in contract liabilities		**36,272**	–
Cash generated from operations		**10,577**	210,659

19 OTHER CASH FLOW INFORMATION *(continued)*

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities HK$'000 (note 21)	Bank loan HK$'000 (note 22)	Total HK$'000
At 1 January 2023	**12,048**	**645,670**	**657,718**
Changes from financing cash flows:			
Capital element of lease rentals paid	**(10,011)**	**–**	**(10,011)**
Interest element of lease rentals paid	**(433)**	**–**	**(433)**
Interest expense and other finance charges paid	**–**	**(35,952)**	**(35,952)**
Repayment of bank loan	**–**	**(278,822)**	**(278,822)**
Total changes from financing cash flows	**(10,444)**	**(314,774)**	**(325,218)**
Other changes:			
Increase in lease liabilities from entering into new leases during the year	**16,297**	**–**	**16,297**
Interest expenses (note 5(b))	**433**	**36,162**	**36,595**
Total other changes	**16,730**	**36,162**	**52,892**
At 31 December 2023	**18,334**	**367,058**	**385,392**

19 OTHER CASH FLOW INFORMATION *(continued)*

(b) Reconciliation of liabilities arising from financing activities *(continued)*

	Lease liabilities HK$'000 (note 21)	Bank loans HK$'000 (note 22)	Total HK$'000
At 1 January 2022	58,109	1,207,568	1,265,677
Changes from financing cash flows:			
Capital element of lease rentals paid	(11,424)	–	(11,424)
Interest element of lease rentals paid	(717)	–	(717)
Interest expense and other finance charges paid	–	(29,896)	(29,896)
Proceed from a new bank loan	–	200,000	200,000
Total changes from financing cash flows	(12,141)	170,104	157,963
Exchange adjustment	87	5,312	5,399
Other changes:			
Increase in lease liabilities from entering into new leases during the year	19,283	–	19,283
Interest expenses (note 5(b))	717	30,097	30,814
Disposal of a subsidiary	(54,007)	(767,411)	(821,418)
Total other changes	(34,007)	(737,314)	(771,321)
At 31 December 2022	12,048	645,670	657,718

20 TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables (note (a))	**32,620**	946
Other payables	**19,413**	40,105
Rental and other deposits received	**26,751**	24,694
Accruals	**71,147**	75,963
Amount due to an associate (note 13(b))	**134,834**	134,834
Amount due to an intermediate holding company (note (b))	**37,319**	53,268
Amounts due to fellow subsidiaries (note (b))	**6,433**	5,256
	328,517	335,066

Notes:

(a) *Ageing analysis*

As at the end of the reporting period, the ageing analysis of trade payables based on invoice date is as follows:

	2023 *HK$'000*	*2022* *HK$'000*
0 to 90 days	***19,077***	*–*
Over 90 days	***13,543***	*946*
	32,620	*946*

(b) *Amounts due to an intermediate holding company and fellow subsidiaries are unsecured, interest-fee and repayable on demand.*

(c) *Except for the rental and other deposits received on properties and other payables of HK$12,975,000 (2022: HK$11,777,000) which are expected to be settled after one year, all of the trade payables, other payables, rental and other deposits received and accruals are expected to be settled within one year or repayable on demand.*

21 LEASE LIABILITIES

At 31 December 2023, the lease liabilities were repayable as follows:

	2023		2022	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**5,026**	**5,564**	10,210	10,445
After 1 year but within 2 years	**3,682**	**4,091**	1,838	1,845
After 2 years but within 5 years	**9,626**	**10,042**	–	–
	13,308	**14,133**	1,838	1,845
	18,334	**19,697**	12,048	12,290
Less: total future interest expenses		**(1,363)**		(242)
Present value of lease liabilities		**18,334**		12,048

22 BANK LOAN

	2023 HK$'000	2022 HK$'000
Secured bank loan	**367,596**	646,418
Other borrowing costs capitalised	**(538)**	(748)
Total bank loan	**367,058**	645,670
Representing secured bank loan repayable:		
After 1 year but within 2 years	**367,058**	–
After 2 years but within 5 years	**–**	645,670
	367,058	645,670

At 31 December 2023, the Group has a banking facility of HK$721,178,000 (2022: HK$1,000,000,000) in which the balance of HK$367,596,000 (2022: HK$646,418,000) was utilised as at 31 December 2023.

The banking facility is interest-bearing at the Hong Kong Interbank Offered Rate ("HIBOR") plus 1.6% per annum (2022: HIBOR plus 2.1% per annum), secured by share charges in respect of the equity interests of certain subsidiaries of the Group (the "HK Subsidiaries") and floating charges over all the rental related receivables of the HK Subsidiaries, and guaranteed by the Company. It has an initial term of 12 months from its utilisation date and upon the end of the initial 12-month term, the Group may exercise not more than four consecutive 12-month extension options subject to satisfaction of certain extension conditions.

The banking facility is subject to the fulfilment of covenants relating to the HK Subsidiaries' and the Company's financial ratios, obligations on the HK Subsidiaries' immediate holding companies to maintain their beneficial interests in the HK Subsidiary's issued share capital and obligation on the Company's ultimate holding company to maintain its beneficial interest of at least 30% of the entire issued share capital of a subsidiary of the Group.

At 31 December 2023, none of the covenants relating to the banking facility had been breached. If the Group were to breach the covenants, the banking facility would become payable on demand. The Group regularly monitors its compliance with these covenants.

23 DEFERRED TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation	Future benefit of tax loss	Revaluation of investment property	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Deferred tax arising from:				
At 1 January 2023	**50,068**	**(47)**	**–**	**50,021**
Credited to profit or loss	**(1,026)**	**(11)**	**–**	**(1,037)**
At 31 December 2023	**49,042**	**(58)**	**–**	**48,984**
At 1 January 2022	48,031	(1,339)	10,696	57,388
Charged/(credited) to profit or loss	2,037	1,292	(132)	3,197
Disposal of a subsidiary	–	–	(10,713)	(10,713)
Exchange difference	–	–	149	149
At 31 December 2022	50,068	(47)	–	50,021

	2023	2022
	HK$'000	HK$'000
Net deferred tax liabilities recognised on the consolidated statement of financial position	**48,984**	50,021

Deferred tax assets not recognised:

The Group has not recognised deferred tax assets of HK$11,581,000 (2022: HK$3,371,000) in respect of accumulated tax losses as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2023. The tax losses do not expire under current tax legislation.

24 TOTAL EQUITY

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below.

The Company

	Share capital HK$'000	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2023	**3,895**	**1,030,877**	**727,337**	**1,762,109**
Changes in equity for 2023:				
Profit and total comprehensive income for the year	**–**	**–**	**23,085**	**23,085**
Final dividend approved in respect of the previous year (note 9(b))	**–**	**–**	**(35,058)**	**(35,058)**
At 31 December 2023	**3,895**	**1,030,877**	**715,364**	**1,750,136**

	Share capital HK$'000	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2022	3,895	1,030,877	591,202	1,625,974
Changes in equity for 2022:				
Profit and total comprehensive income for the year	–	–	171,193	171,193
Final dividend approved in respect of the previous year (note 9(b))	–	–	(35,058)	(35,058)
At 31 December 2022	3,895	1,030,877	727,337	1,762,109

24 TOTAL EQUITY *(continued)*

(b) Share capital

The Company

	2023		2022	
	No. of shares	**Amount HK$'000**	No. of shares	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**750,000,000**	**7,500**	750,000,000	7,500
Issued and fully paid:				
Ordinary shares at 1 January and 31 December (HK$0.01 each)	**389,527,932**	**3,895**	389,527,932	3,895

(c) Share premium

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in such manner as the Company may, from time to time, determine including, but without limitation (a) paying distributions or dividends to equity shareholders; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratio and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total of interest-bearing borrowings and lease liabilities less bank balances and cash. Shareholders' equity comprises issued share capital and reserves attributable to shareholders of the Company.

24 TOTAL EQUITY *(continued)*

(e) Capital management *(continued)*

The net debt-to-equity ratio at the end of the reporting period is as follows:

	2023 HK$'000	2022 HK$'000
Bank loan (note 22)	**367,058**	645,670
Lease liabilities (note 21)	**18,334**	12,048
Less: Bank balances and cash	**(610,286)**	(585,114)
Net (cash)/debt	**(224,894)**	72,604
Shareholders' equity	**4,295,625**	4,301,943
Net debt-to-equity ratio	**N/A**	1.7%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables, amount due from an associate, amounts due from joint ventures, amounts due from group companies and investment instruments. The Group's exposure to credit risk arising from bank balances and cash is limited because the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have low credit risk.

Except for the financial guarantee given by the group as set out in note 14, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the end of the reporting period is disclosed in note 14.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(a) Credit risk *(continued)*

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for expected credit losses is insignificant.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2023	2022
	HK$'000	HK$'000
Balance at 1 January	**–**	1,953
Reversal of provision for impairment (note 5(d))	**–**	(1,953)
Balance at 31 December	**–**	–

Investment Instruments

The maximum exposure to credit risk in respect of the investment instruments at the end of the reporting period and the key terms are disclosed in note 18. The movement in the allowance for impairment in respect of investment instruments during the year was as follows.

	2023	2022
	HK$'000	HK$'000
Balance at 1 January	**82,953**	31,174
Impairment losses recognised (note 5(d))	**30,654**	51,779
Write-off	**(113,607)**	–
Balance at 31 December	**–**	82,953

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(a) Credit risk *(continued)*

Investment Instruments (continued)

During the year, management concluded that the credit risk of the investment instruments increased significantly since initial recognition. The Group had recognised a loss allowance at an amount equal to lifetime ECLs, calculated based on the present value of cash shortfalls over the expected life of the instruments. A cash shortfall was the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expected to receive. An impairment loss of HK$30,654,000 (2022: HK$51,779,000) was made during the year. During the year ended 31 December 2023, the investment instruments have been fully recovered and the accumulated provision for impairment of HK$113,607,000 is written off (2022: nil).

Other receivables, amount due from an associate, amounts due from joint ventures and amounts due from group companies.

Other receivables, amount due from an associate, amounts due from joint ventures and amounts due from group companies were reviewed at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

(b) Liquidity risk

Cash management of the Company and wholly-owned subsidiaries of the Group are substantially centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants (if appropriate), to ensure that it maintains sufficient cash reserves to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2023					
Trade and other payables	**315,542**	**8,960**	**4,015**	**328,517**	**328,517**
Bank loan	**27,027**	**380,110**	**–**	**407,137**	**367,058**
Lease liabilities	**5,564**	**4,091**	**10,042**	**19,697**	**18,334**
	348,133	**393,161**	**14,057**	**755,351**	**713,909**

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

	Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2022					
Trade and other payables	323,289	9,797	1,980	335,066	335,066
Bank loan	43,215	43,215	666,428	752,858	645,670
Lease liabilities	10,445	1,845	–	12,290	12,048
	376,949	54,857	668,408	1,100,214	992,784

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At 31 December 2023, the Group's interest rate risk arises primarily from a bank loan. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Sensitivity analysis

At 31 December 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately HK$3,065,000 (2022: HK$5,398,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period. The analysis is performed on the same basis for 2022.

(d) Foreign currency risk

At 31 December 2023, the Group owns assets and conducts its business in Hong Kong, the United States of America and the United Kingdom with its cash flows mainly denominated in Hong Kong dollars, United States dollars and Britain Pound Sterling respectively. As a result, the Group had no significant exposure to foreign currency risk at 31 December 2023 and 2022.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values at 31 December 2023 and 2022.

26 COMMITMENTS

Capital commitments outstanding at 31 December 2023 not provided for in the financial statements were as follows:

	2023 HK$'000	2022 HK$'000
Contracted for construction of – Property, plant and equipment	**6,875**	98,282

27 MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions in its ordinary course of business:

	2023 HK$'000	2022 HK$'000
Asset management fee income received/receivable from (note (i))		
– an intermediate holding company	**129,109**	99,730
– fellow subsidiaries	**87,077**	100,650
Management and administrative fee paid/payable to an intermediate holding company (note (ii))	**3,996**	7,256
Key management compensation (note (iii))	**3,326**	7,042

Notes:

(i) Assets management fee income is charged at terms agreed by both parties. The details of the amounts due from an intermediate holding company and fellow subsidiaries are set out in note 16(b). These transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has confirmed that disclosure requirements under Chapter 14A of the Listing Rules have been complied with in respect of these related party transactions.

(ii) Management and administrative fee is charged at terms agreed by both parties. The details of the amount due to an intermediate holding company are set out in note 20(a). These transactions constituted continuing connected transactions to the Company under the Listing Rules, which are exempted from shareholders' approval, annual review and all disclosure requirements. The Company has confirmed that disclosure requirements under Chapter 14A of the Listing Rules have been complied with in respect of these related party transactions.

(iii) Key management personnel represent the directors of the Company.

(b) On 22 November 2021, the Group entered into an agreement with Oceanic Jade Limited, a subsidiary of Vanke Property (Hong Kong) Company Limited ("VPHK", an intermediate holding company) to acquire (i) the entire issued share capital of Enigma Company Limited ("Enigma"), a company incorporated in the British Virgin Islands; and (ii) the shareholder's loan due by Enigma and its subsidiaries (the "Enigma Group") to VPHK at a total consideration of HK$848,668,000. Enigma Group was principally engaged in property development in Hong Kong. Details of the above transaction were disclosed in the Company's announcements dated 22 November 2021 and 31 January 2022, and the Company's circular dated 31 December 2021. The transaction was approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 January 2022 and completed on 31 January 2022. The acquisition constituted a notifiable transaction and connected transaction under Chapter 14 and Chapter 14A of Listing Rules respectively. The Company has confirmed that disclosure requirements under Chapter 14A of the Listing Rules have been complied with in respect of these related party transactions.

28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Interests in subsidiaries	12	**1,652,406**	1,843,173
Current assets			
Other receivables		**496**	2,086
Amount due from an intermediate holding company		**–**	34,141
Amount due from a subsidiary	12	**433,981**	–
Tax recoverable		**3,160**	–
Bank balances and cash		**42,723**	385,099
		480,360	421,326
Current liabilities			
Other payables and accruals		**(2,218)**	(3,365)
Amount due to a fellow subsidiary		**(21)**	(2)
Amounts due to subsidiaries		**(280,693)**	(217,418)
Amount due to an intermediate holding company		**(108)**	–
Tax payable		**–**	(6,215)
		(283,040)	(227,000)
Net current assets		**197,320**	194,326
Total assets less current liabilities		**1,849,726**	2,037,499
Non-current liability			
Amount due to a subsidiary		**(99,590)**	(275,390)
NET ASSETS		**1,750,136**	1,762,109
CAPITAL AND RESERVES	24(a)		
Share capital		**3,895**	3,895
Reserves		**1,746,241**	1,758,214
TOTAL EQUITY		**1,750,136**	1,762,109

Approved and authorised for issue by the board of directors on 27 March 2024.

Sun Jia	**Yip Hoi Man**
Director	*Director*

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB/HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to IAS/HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to IFRS/HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS/HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to IAS/HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

List of Subsidiaries

At 31 December 2023

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

					Proportion of ownership interest			
Name of subsidiary	Place of incorporation	Place of business	Issued share capital		Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Access Rich Limited	Hong Kong	Hong Kong	Ordinary	HK$1	100%	–	100%	Property investment
Brannan Two Limited	Cayman Islands	Cayman Islands	Ordinary	US$1	100%	100%	–	Provision of asset management services
Cheer Win Limited	Hong Kong	Hong Kong	Ordinary	HK$1	100%	–	100%	Property investment
Chericourt Company Limited	Hong Kong	Hong Kong	Ordinary	HK$1,000,000	100%	–	100%	Property investment
Lanada (BVI) Company Limited	British Virgin Island	Hong Kong	Ordinary	US$1	100%	–	100%	Properties development
Realty Asset Limited	Hong Kong	Hong Kong	Ordinary	HK$1,000	100%	–	100%	Property redevelopment
Supreme J Limited	Cayman Islands	Cayman Islands	Ordinary	US$1	100%	–	100%	Investment holding
Vanke Best Company Limited	Hong Kong	Hong Kong	Ordinary	HK$1	100%	–	100%	Provision of administrative services
Vanke Holdings (Hong Kong) Company Limited	Hong Kong	Hong Kong	Ordinary	HK$250,000	100%	–	100%	Provision of asset management and administrative services
Vanke Overseas Management Holding Company Limited	British Virgin Island	British Virgin Island	Ordinary	US$1	100%	100%	–	Investment holding
Vanke Overseas UK Management Limited	United Kingdom	United Kingdom	Ordinary	GBP3,850	100%	–	100%	Provision of investment advisory and asset management services
Vanke US Management LLC	United Stated of America	United Stated of America	Ordinary	US$10,000	100%	–	100%	Provision of asset management services
Vanke US MGMT Holdco LLC	United Stated of America	United Stated of America	Ordinary	Nil	100%	–	100%	Investment holding
Wkdeveloper Limited	British Virgin Island	Hong Kong	Ordinary	US$1	100%	–	100%	Investment holding

List of Subsidiaries *(continued)*

At 31 December 2023

Name of subsidiary	Place of incorporation	Place of business	Issued share capital		Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
WK Parking Limited	Hong Kong	Hong Kong	Ordinary Deferred	HK$18,000,000 HK$2,000,000 (note (a))	100%	–	100%	Property Investment
WK Property Financial Limited	Hong Kong	Hong Kong	Ordinary	HK$840	100%	–	100%	Investment holding and property investment
657–667 Mission Vanke B Offshore LLC	United Stated of America	United Stated of America	Ordinary	US$15,238,138	100%	–	100%	Investment holding

Note:

(a) *The deferred shares are held by Winner Company (Hong Kong) Limited and Tatkit (Nominees) Limited, companies in which a former director of the Company has beneficial interest. According to the Memorandum and Articles of Association of WK Parking Limited, the holders of deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of WK Parking Limited or to participate in any distribution on winding up unless the assets of WK Parking Limited to be returned on winding up exceed the value of HK$100,000,000,000.*

List of Properties

At 31 December 2023

(a) Completed and held for investment

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, The Remaining Portion of Lot No.299 in D.D. No.444, Kwai Chung, New Territories, Hong Kong	2047	103,500	637,000 (62% of the total gross floor areas)	Industrial	100%

(b) Hotel and serviced apartments

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest
No. 62, 64, 66 and 68 Chun Yeung Street, North Point, Hong Kong	2071	4,340	65,100	Hotel and serviced apartments	100%

(c) Properties under development

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest	Estimated year of completion
No. 221–233 Yee Kuk Street, Sham Shui Po, Kowloon, Hong Kong	2047	7,420	63,052	Residential	100%	2024
Sha Tin Town Lot No. 643, Hin Wo Lane, Shatin, New Territories, Hong Kong (held by a joint venture)	2072	14,890	89,339	Residential	50%	2027

Five-Year Financial Summary

Group results

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**364,291**	353,228	461,205	474,524	251,477
Profit for the year	**27,699**	28,169	424,692	185,726	133,349
Attributable to					
Shareholders of the Company	**27,699**	28,169	424,580	185,746	133,363
Non-controlling interests	**–**	–	112	(20)	(14)
	27,699	28,169	424,692	185,726	133,349

Summary consolidated statement of financial position

	At 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**3,481,429**	3,638,152	4,509,754	4,784,477	4,262,236
Net current assets	**1,243,545**	1,361,319	343,370	453,031	366,238
Total assets less current liabilities	**4,724,974**	4,999,471	4,853,124	5,237,508	4,628,474
Non-current liabilities	**(429,350)**	(697,529)	(552,897)	(1,325,720)	(863,940)
Net assets	**4,295,624**	4,301,942	4,300,227	3,911,788	3,764,534
Equity attributable to:					
Shareholders of the Company	**4,295,625**	4,301,943	4,299,885	3,911,538	3,764,267
Non-controlling interests	**(1)**	(1)	342	250	267
Total equity	**4,295,624**	4,301,942	4,300,227	3,911,788	3,764,534