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## **CHINESE ESTATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 127)**

### **FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The board of directors (the “Board”) of Chinese Estates Holdings Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the financial year ended 31 December 2022 (the “Year”) pursuant to paragraph 45 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Group’s consolidated statement of comprehensive income and consolidated statement of financial position, all of which have been reviewed by the Audit Committee, together with the comparative figures of the corresponding year ended 31 December 2021 are set out as follows:

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

|   | <i>Notes</i> | <b>2022</b><br><b>HK\$’000</b> | 2021<br>HK\$’000 |
|---|--------------|--------------------------------|------------------|
| Revenue   | 3            | <b>1,434,990</b>               | 1,299,826        |
| Cost of goods and services provided                                   |              | <b>(58,261)</b>                | (282,458)        |
| Gross profit  |              | <b>1,376,729</b>               | 1,017,368        |
| Other income  | 5            | <b>18,020</b>                  | 63,211           |
| Investment expenses, net  | 6            | <b>(291,127)</b>               | (2,628,876)      |
| Administrative expenses   |              | <b>(358,048)</b>               | (344,495)        |
| Gain on disposals of equipment, net                                   |              | <b>352</b>                     | 256              |
| Fair value changes on investment properties                           |              | <b>528,481</b>                 | (1,376,616)      |
| Finance costs   | 7            | <b>(133,121)</b>               | (104,476)        |
| Other gains and losses  |              | <b>(7,522)</b>                 | (50)             |
| Share of results of investments accounted for using the equity method |              | <b>45,381</b>                  | (106,682)        |
| Profit (loss) before tax  |              | <b>1,179,145</b>               | (3,480,360)      |
| Income tax expense  | 8            | <b>(26,825)</b>                | (33,188)         |
| Profit (loss) for the year  | 9            | <b>1,152,320</b>               | (3,513,548)      |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(continued)*

*For the year ended 31 December 2022*

|   | <i>Notes</i> | <b>2022</b><br><b>HK\$'000</b> | 2021<br>HK\$'000    |
|---|--------------|--------------------------------|---------------------|
| <b>Other comprehensive expenses</b>   |              |                                |                     |
| <i>Items that will not be reclassified to profit or loss</i>  |              |                                |                     |
| Gains and losses on investments in equity instruments measured at fair value through other comprehensive income |              | <b>(1,056,433)</b>             | (10,842,215)        |
| Share of other comprehensive expenses of investments accounted for using the equity method                      |              | <u><b>(160)</b></u>            | <u>(60)</u>         |
|   |              | <u><b>(1,056,593)</b></u>      | <u>(10,842,275)</u> |
| <i>Items that may be reclassified subsequently to profit or loss</i>  |              |                                |                     |
| Exchange differences on translation of foreign operations   |              | <b>(499,395)</b>               | (20,454)            |
| Share of other comprehensive income of investments accounted for using the equity method                        |              | <u>-</u>                       | <u>2,328</u>        |
|   |              | <u><b>(499,395)</b></u>        | <u>(18,126)</u>     |
| Other comprehensive expenses for the year (net of tax)  |              | <u><b>(1,555,988)</b></u>      | <u>(10,860,401)</u> |
| <b>Total comprehensive expenses for the year</b>  |              | <u><b>(403,668)</b></u>        | <u>(14,373,949)</u> |
| <b>Profit (loss) for the year attributable to:</b>  |              |                                |                     |
| Owners of the Company   |              | <b>1,152,235</b>               | (3,515,305)         |
| Non-controlling interests   |              | <u><b>85</b></u>               | <u>1,757</u>        |
|   |              | <u><b>1,152,320</b></u>        | <u>(3,513,548)</u>  |
| <b>Total comprehensive (expenses) income for the year attributable to:</b>                                      |              |                                |                     |
| Owners of the Company   |              | <b>(403,753)</b>               | (14,375,706)        |
| Non-controlling interests   |              | <u><b>85</b></u>               | <u>1,757</u>        |
|   |              | <u><b>(403,668)</b></u>        | <u>(14,373,949)</u> |
| <b>Earnings (loss) per share (HK\$)</b>   |              |                                |                     |
| Basic and diluted   | 11           | <u><b>0.604</b></u>            | <u>(1.843)</u>      |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*At 31 December 2022*

|   | <i>Notes</i> | 2022<br>HK\$'000  | 2021<br>HK\$'000  |
|---|--------------|-------------------|-------------------|
| <b>Non-current assets</b>   |              |                   |                   |
| Investment properties   |              | 13,369,124        | 13,292,161        |
| Property, plant and equipment   |              | 133,944           | 184,996           |
| Right-of-use assets   |              | 91,934            | 59,742            |
| Intangible assets   |              | -                 | -                 |
| Investments accounted for using the equity method                             |              | 1,840,959         | 2,095,096         |
| Advances to associates  |              | 42,745            | 50,060            |
| Financial assets measured at fair value through profit or loss                | 12           | 87,635            | 156,633           |
| Financial assets measured at fair value through<br>other comprehensive income | 13           | 525,780           | 1,527,466         |
| Advance to an investee company  |              | 101,905           | 100,737           |
| Deferred tax assets   |              | 834               | 3,920             |
| Pledged deposits  |              | 76,697            | 4,308             |
| Deposits and prepayments  | 14           | 84,081            | 34,762            |
|   |              | <u>16,355,638</u> | <u>17,509,881</u> |
| <b>Current assets</b>   |              |                   |                   |
| Stock of properties   |              | 23,316            | 23,316            |
| Financial assets measured at fair value through profit or loss                | 12           | 562,294           | 600,084           |
| Financial assets measured at fair value through<br>other comprehensive income | 13           | 109,766           | 364,582           |
| Inventories   |              | 4,642             | 3,514             |
| Debtors, deposits, other receivables and prepayments                          | 14           | 186,468           | 260,738           |
| Securities trading receivables and deposits                                   |              | 41,007            | 69,422            |
| Tax recoverable   |              | 13,886            | 12,457            |
| Pledged deposits  |              | 71,128            | 273,202           |
| Time deposits, bank balances and cash   |              | 2,038,768         | 2,479,874         |
|   |              | <u>3,051,275</u>  | <u>4,087,189</u>  |
| Assets classified as held for sale  |              | 27,602            | -                 |
|   |              | <u>3,078,877</u>  | <u>4,087,189</u>  |
| <b>Current liabilities</b>  |              |                   |                   |
| Creditors and accruals  | 15           | 245,191           | 201,896           |
| Securities trading and margin payable   |              | 9,809             | 12,163            |
| Deposits and receipts in advance  |              | 84,595            | 172,660           |
| Lease liabilities   |              | 35,332            | 50,673            |
| Tax liabilities   |              | 4,022             | 3,590             |
| Borrowings  |              | 2,681,151         | 3,642,977         |
|   |              | <u>3,060,100</u>  | <u>4,083,959</u>  |
| <b>Net current assets</b>   |              | <u>18,777</u>     | <u>3,230</u>      |
| <b>Total assets less current liabilities</b>                                  |              | <u>16,374,415</u> | <u>17,513,111</u> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*  
*At 31 December 2022*

|   | 2022<br>HK\$'000         | 2021<br>HK\$'000         |
|---|--------------------------|--------------------------|
| <b>Equity attributable to owners of the Company</b>                                   |                          |                          |
| Share capital   | 190,762                  | 190,762                  |
| Financial assets measured at fair value through<br>other comprehensive income reserve | (1,743,622)              | (1,582,049)              |
| Contribution reserve  | 206,627                  | 206,627                  |
| Statutory reserve   | 748                      | 668                      |
| Special reserve   | 2,499,685                | 2,499,685                |
| Capital redemption reserve  | 138,062                  | 138,062                  |
| Translation reserve   | (834,931)                | (335,536)                |
| Retained profits  | <u>13,522,203</u>        | <u>13,257,387</u>        |
|   | <b>13,979,534</b>        | <b>14,375,606</b>        |
| <b>Non-controlling interests</b>  | <u>23,309</u>            | <u>23,224</u>            |
| <b>Total equity</b>   | <b><u>14,002,843</u></b> | <b><u>14,398,830</u></b> |
| <b>Non-current liabilities</b>  |                          |                          |
| Borrowings  | 2,205,781                | 1,812,537                |
| Amounts due to associates   | 34,579                   | 302,344                  |
| Amounts due to investee companies   | 14,648                   | 931,848                  |
| Amounts due to non-controlling shareholders   | 275                      | 275                      |
| Lease liabilities   | 53,244                   | 9,037                    |
| Deferred tax liabilities  | <u>63,045</u>            | <u>58,240</u>            |
|   | <b><u>2,371,572</u></b>  | <b><u>3,114,281</u></b>  |
|   | <b><u>16,374,415</u></b> | <b><u>17,513,111</u></b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

### 1. Basis of Preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. In addition, these consolidated financial statements include applicable disclosures required by the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments, which are measured at their fair values.

#### Going concern basis

During the Year, the Group incurred total comprehensive expenses attributable to owners of the Company of approximately HK\$403,753,000 (2021: HK\$14,375,706,000) and net operating cash outflows of approximately HK\$140,088,000.

The directors of the Company (“Directors”) have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 31 December 2022. The management has made key assumptions in the preparation of the projections with regard to the anticipated cash flows from the Group’s operations, capital expenditures and the continuous availability of facilities. The Group’s ability to achieve the projected cash flows depends on the continuous availability of facilities.

In view of the above, the Directors believe that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2022. Accordingly, the Directors have prepared these consolidated financial statements on a going concern basis.

### 2. Principal Accounting Policies

The accounting policies adopted in these consolidated financial statements for the Year are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2021 except as described below.

In the current year, the Group has applied the following amendments to HKFRSs (“Amendments”) issued by the HKICPA for the first time, including those which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of these consolidated financial statements:

|                      |  |
|----------------------|--|
| HKFRSs (Amendments)  | Annual Improvements to HKFRSs 2018-2020                      |
| HKFRS 3 (Amendments) | Reference to the Conceptual Framework                        |
| HKAS 16 (Amendments) | Property, Plant and Equipment - Proceeds before Intended Use |
| HKAS 37 (Amendments) | Onerous Contracts - Cost of Fulfilling a Contract            |

The application of the Amendments had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. Principal Accounting Policies (continued)

The Group has not early adopted the following new and amendments to HKFRSs (“new and amended HKFRSs”) that have been issued but are not yet effective.

|  |  |
|--|--|
| HKFRS 10 and HKAS 28 (Amendments)                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>                               |
| HKFRS 16 (Amendments)                              | Lease Liability in a Sale and Leaseback <sup>2</sup>   |
| HKFRS 17   | Insurance Contracts and the related Amendments <sup>1</sup>  |
| HKAS 1 (Amendments)                                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup> |
| HKAS 1 (Amendments)                                | Non-current Liabilities with Covenants <sup>2</sup>  |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies <sup>1</sup>   |
| HKAS 8 (Amendments)                                | Definition of Accounting Estimates <sup>1</sup>  |
| HKAS 12 (Amendments)                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>                                    |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The Directors are in the process of assessing the potential impact of the new and amended HKFRSs but are not yet in a position to determine whether the new and amended HKFRSs will have a material impact on the Group’s performance and financial position and on the disclosures. The new and amended HKFRSs may result in changes to how the Group’s performance and financial position are prepared and presented in the future.

### 3. Revenue

Revenue represents the aggregate amounts of sales of properties held for sale, commission from brokerage, settlement charges from brokerage, cosmetics goods sold less returns, building and property management services income, amounts received and receivable from property rental income, interest income from bonds and structured products, dividend income from listed and unlisted equity investments and gain on sales of investments held-for-trading. Revenue is analysed as follows:

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Revenue from contracts with customers:              |                  |                  |
| <i>Recognised on a point in time basis</i>          |                  |                  |
| Sales of properties held for sale                   | -                | 235,462          |
| Brokerage and cosmetics income                      | 15,647           | 18,091           |
|   | <b>15,647</b>    | 253,553          |
| <i>Recognised on over time basis</i>                |                  |                  |
| Building and property management services income    | 52,038           | 50,079           |
|   | <b>67,685</b>    | 303,632          |
| Revenue from other sources:                         |                  |                  |
| Property rental income                              | 293,650          | 327,346          |
| Interest income from                                |                  |                  |
| - bonds ( <i>note (i)</i> )                         | 21,054           | 305,020          |
| - structured products ( <i>note (i)</i> )           | 972              | 10,490           |
|   | <b>22,026</b>    | 315,510          |
| Dividend income from                                |                  |                  |
| - listed equity investments ( <i>note (ii)</i> )    | 8,247            | 168,279          |
| - unlisted equity investments ( <i>note (iii)</i> ) | 1,014,750        | 1,200            |
|   | <b>1,022,997</b> | 169,479          |
| Gain on sales of investments held-for-trading       | 28,632           | 183,859          |
|   | <b>1,367,305</b> | 996,194          |
| Total revenue                                       | <b>1,434,990</b> | 1,299,826        |

Notes:

(i) The interest income from bonds and structured products were derived from financial assets measured at fair value through profit or loss ("FVTPL").

(ii) The dividend income from listed equity investments with amount of approximately HK\$8,247,000 (2021: HK\$11,759,000) and nil (2021: HK\$156,520,000) were derived from financial assets measured at FVTPL and financial assets measured at fair value through other comprehensive income ("FVTOCI") respectively.

(iii) The dividend income from unlisted equity investments was derived from financial assets measured at FVTOCI.

#### 4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has six reportable segments – (i) property development and trading; (ii) property leasing for retail; (iii) property leasing for non-retail; (iv) listed equity investments at FVTOCI; (v) investments and treasury products at FVTPL; and (vi) unlisted investments, investment holding and brokerage, and the remaining businesses of the Group grouped under all other segments. The segmentations are based on the information about the operations of the Group that management of the Group uses to make decisions.

Principal activities are as follows:

|  |   |  |
|--|---|--|
| Property development and trading                       | – | Property development and sales of trading properties   |
| Property leasing                                       |   |  |
| - Retail   | – | Property leasing from retail properties  |
| - Non-retail   | – | Property leasing from non-retail properties  |
| Listed equity investments at FVTOCI                    | – | Listed equity securities at FVTOCI   |
| Investments and treasury products at FVTPL             | – | Securities investments in investments held-for-trading, over-the-counter trading and structured products |
| Unlisted investments, investment holding and brokerage | – | Unlisted securities investments, trading and brokerage   |
| All other segments                                     | – | Cosmetics distribution and trading, provision of building and property management services and others    |

The Group evaluates performance on the basis of profit or loss from operations after tax expense and non-controlling interests but not including the major non-cash items. The major non-cash items are unrealised fair value changes on investment properties and other properties together with, if applicable, their respective deferred tax.

No operating segments have been aggregated in arriving at the six reportable segments described above.

Unallocated corporate assets mainly comprised land and building for own use, right-of-use assets, deferred tax assets, tax recoverable and derivative financial instrument.

Unallocated corporate liabilities mainly comprised tax liabilities, bank borrowings, amounts due to associates, amounts due to investee companies, amounts due to non-controlling shareholders, lease liabilities and deferred tax liabilities.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different markets and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and results are attributed to countries on the basis of the property or asset location.

During the Year, there was no major customer (2021: one customer in property development and trading segment in Mainland China derived revenue of approximately HK\$235,462,000) who individually accounted for 10% or more of the Group's revenue.



#### 4. Operating Segments (continued)

Operating segment information is presented below:

### Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

|  | Property development and trading<br>HK\$'000 | Property leasing   |                        | Listed equity investments at FVTOCI<br>HK\$'000 | Investments and treasury products at FVTPL<br>HK\$'000 | Unlisted investments, investment holding and brokerage<br>HK\$'000 | All other segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|--|--------------------|------------------------|---|--|--|--------------------------------|--------------------------|
|  |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |   |  |  |                                |                          |
| <b>Major cash items excluding in revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | -                  | -                      | 164,304   | 642,080  | -  | -                              | 806,384                  |
| - Other countries  | -  | -                  | -                      | -   | 920,467  | -  | -                              | 920,467                  |
|  | -  | -                  | -                      | 164,304   | 1,562,547  | -  | -                              | 1,726,851                |
| <b>Revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| Dividend and interest income and gain on sales of investments held-for-trading   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 1,014,000                                    | -                  | -                      | -   | 21,461   | -  | 750                            | 1,036,211                |
| - Other countries  | -  | -                  | -                      | -   | 37,444   | -  | -                              | 37,444                   |
| Revenue from external customers  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 29,867             | 121,329                | -   | -  | 4,639  | 63,046                         | 218,881                  |
| - United Kingdom   | -  | 35,766             | 106,688                | -   | -  | -  | -                              | 142,454                  |
|  | 1,014,000                                    | 65,633             | 228,017                | -   | 58,905   | 4,639  | 63,796                         | 1,434,990                |
| Revenue (excluding dividend income from segments of property development and trading and property leasing)                                 |  |                    |                        |   |  |  |                                |                          |
|  | -  | 65,633             | 228,017                | -   | 58,905   | 4,639  | 63,796                         | 420,990                  |
| Attributable property sales from an investee company   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 186,808                                      | -                  | -                      | -   | -  | -  | -                              | 186,808                  |
| Attributable rental revenue from associates/investee company   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 16,752             | 45,883                 | -   | -  | -  | -                              | 62,635                   |
| - Mainland China   | -  | 19,266             | 5,173                  | -   | -  | -  | -                              | 24,439                   |
|  | 186,808                                      | 101,651            | 279,073                | -   | 58,905   | 4,639  | 63,796                         | 694,872                  |
| <b>Results</b>   |  |                    |                        |   |  |  |                                |                          |
| Segment results  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 1,014,000                                    | 25,331             | 116,920                | -   | (112,683)  | 13,901   | 37,450                         | 1,094,919                |
| - United Kingdom   | -  | 27,675             | 95,893                 | -   | -  | 450  | -                              | 124,018                  |
| - Mainland China   | -  | -                  | (225)                  | -   | -  | 5,798  | -                              | 5,573                    |
| - Other countries  | -  | -                  | -                      | -   | (161,381)  | 22,846   | -                              | (138,535)                |
|  | 1,014,000                                    | 53,006             | 212,588                | -   | (274,064)  | 42,995   | 37,450                         | 1,085,975                |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| Attributable gross income  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 16,008             | 45,536                 | -   | -  | -  | 2,246                          | 63,790                   |
| - Mainland China   | -  | 19,266             | 5,173                  | -   | -  | -  | -                              | 24,439                   |
| Attributable operating cost  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | (1,689)            | (8,467)                | -   | -  | -  | -                              | (10,156)                 |
| - Mainland China   | -  | (12,575)           | (3,141)                | -   | -  | -  | -                              | (15,716)                 |
|  | 1,014,000                                    | 74,016             | 251,689                | -   | (274,064)  | 42,995   | 39,696                         | 1,148,332                |
| Other income   | -  | -                  | 2,487                  | -   | -  | -  | -                              | 2,487                    |
| Finance income   | -  | -                  | -                      | -   | 56   | -  | -                              | 56                       |
| Other gains and losses   | -  | -                  | (7,381)                | -   | -  | -  | -                              | (7,381)                  |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| - Income tax and others  | -  | (9,600)            | (2,945)                | -   | -  | -  | (227)                          | (12,772)                 |
|  | 1,014,000                                    | 64,416             | 243,850                | -   | (274,008)  | 42,995   | 39,469                         | 1,130,722                |
| Unallocated items  |  |                    |                        |   |  |  |                                |                          |
| Unallocated corporate expenses, net  |  |                    |                        |   |  |  |                                | (342,677)                |
| Unallocated finance costs  |  |                    |                        |   |  |  |                                | (133,177)                |
| Income tax expense   |  |                    |                        |   |  |  |                                | (15,698)                 |
| Non-controlling interests  |  |                    |                        |   |  |  |                                | (85)                     |
| <b>Operating profit for the year attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                |                          |
| Major non-cash items   |  |                    |                        |   |  |  |                                |                          |
| - Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method) |  |                    |                        |   |  |  |                                | 524,277                  |
| - Deferred tax expense   |  |                    |                        |   |  |  |                                | (11,127)                 |
| <b>Profit for the year attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                |                          |
| <b>1,152,235</b>   |  |                    |                        |   |  |  |                                |                          |
| <b>Core profit for the year attributable to owners of the Company</b>  |  |                    |                        |   |  |  |                                |                          |
| <b>639,085</b>   |  |                    |                        |   |  |  |                                |                          |

**4. Operating Segments (continued)**  
**Consolidated Statement of Financial Position**  
**At 31 December 2022**

|   | Property development and trading<br>HK\$'000 | Property leasing   |                        | Listed equity investments at FVTOCI<br>HK\$'000 | Investments and treasury products at FVTPL<br>HK\$'000 | Unlisted investments, investment holding and brokerage<br>HK\$'000 | All other segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|--|--------------------|------------------------|---|--|--|--------------------------------|--------------------------|
|   |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |   |  |  |                                |                          |
| <b>Assets</b>   |  |                    |                        |   |  |  |                                |                          |
| Segment assets  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 216,170                                      | 2,556,174          | 5,941,338              | 109,766   | 350,351  | 310,488  | 236,041                        | 9,720,328                |
| - United Kingdom  | -  | 902,062            | 6,073,410              | -   | -  | -  | -                              | 6,975,472                |
| - Mainland China  | 110,556                                      | -                  | 2,659                  | -   | -  | 740  | -                              | 113,955                  |
| - Other countries   | -  | -                  | -                      | -   | 251,138  | 290,596  | -                              | 541,734                  |
| Investments accounted for using the equity method   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 51,796                                       | 381,393            | 1,396,670              | -   | -  | 1,615  | 9,485                          | 1,840,959                |
| Advances to associates  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 1,947  | -                  | 149                    | -   | -  | 2  | 1,225                          | 3,323                    |
| - Mainland China  | -  | -                  | 39,422                 | -   | -  | -  | -                              | 39,422                   |
| Reportable segment assets   | <b>380,469</b>                               | <b>3,839,629</b>   | <b>13,453,648</b>      | <b>109,766</b>                                  | <b>601,489</b>   | <b>603,441</b>   | <b>246,751</b>                 | <b>19,235,193</b>        |
| Assets classified as held for sale  |  |                    |                        |   |  |  |                                | 27,602                   |
| Unallocated corporate assets  |  |                    |                        |   |  |  |                                | 171,720                  |
| Consolidated total assets   |  |                    |                        |   |  |  |                                | <b>19,434,515</b>        |
| <b>Liabilities</b>  |  |                    |                        |   |  |  |                                |                          |
| Segment liabilities   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 36,067                                       | 15,394             | 107,305                | 18  | 194  | 11,837   | 9,375                          | 180,190                  |
| - United Kingdom  | -  | 14,060             | 142,389                | -   | -  | -  | -                              | 156,449                  |
| - Mainland China  | 59   | -                  | 2,267                  | -   | -  | 2  | -                              | 2,328                    |
| - Other countries   | -  | -                  | -                      | -   | 625  | 3  | -                              | 628                      |
| Reportable segment liabilities  | <b>36,126</b>                                | <b>29,454</b>      | <b>251,961</b>         | <b>18</b>                                       | <b>819</b>   | <b>11,842</b>  | <b>9,375</b>                   | <b>339,595</b>           |
| Unallocated corporate liabilities   |  |                    |                        |   |  |  |                                | 5,092,077                |
| Consolidated total liabilities  |  |                    |                        |   |  |  |                                | <b>5,431,672</b>         |
| <b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b> |  |                    |                        |   |  |  |                                |                          |
|   | -  | 19,468             | 320,780                | -   | -  | 14   | 124                            |                          |

**Other Material Items**  
**For the year ended 31 December 2022**

|   | Reportable segments<br>HK\$'000 | Adjustments for unallocated items<br>HK\$'000 | Adjustments for major non-cash items<br>HK\$'000 | Consolidated statement of comprehensive income<br>HK\$'000 |
|---|---------------------------------|---|--|--|
| Interest income   | 40,195                          | -   | -  | 40,195   |
| Finance income (costs)  | 56                              | (133,177)                                     | -  | (133,121)  |
| Net income (expenses)   | 40,251                          | (133,177)                                     | -  | (92,926)   |
| Depreciation of:  |                                 |   |  |  |
| - Property, plant and equipment                                       | -                               | (62,983)                                      | -  | (62,983)   |
| - Right-of-use assets   | -                               | (57,045)                                      | -  | (57,045)   |
| Fair value changes on investment properties                           | -                               | -   | 528,481  | 528,481  |
| Share of results of investments accounted for using the equity method | 49,585                          | -   | (4,204)  | 45,381   |
| Income tax expense  | -                               | (15,698)                                      | (11,127)   | (26,825)   |
| Non-controlling interests   | -                               | (85)  | -  | (85)   |

**4. Operating Segments (continued)**  
**Consolidated Statement of Comprehensive Income**  
For the year ended 31 December 2021

|  | Property development and trading<br>HK\$'000 | Property leasing   |                        | Listed equity investments at FVTOCI<br>HK\$'000 | Investments and treasury products at FVTPL<br>HK\$'000 | Unlisted investments, investment holding and brokerage<br>HK\$'000 | All other segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|--|--------------------|------------------------|---|--|--|--------------------------------|--------------------------|
|  |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |   |  |  |                                |                          |
| <b>Major cash items excluding in revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | -                  | -                      | 1,530,430                                       | 2,670,370  | -  | -                              | 4,200,800                |
| - Other countries  | -  | -                  | -                      | -   | 3,589,737  | -  | -                              | 3,589,737                |
|  | -  | -                  | -                      | 1,530,430                                       | 6,260,107  | -  | -                              | 7,790,537                |
| <b>Revenue</b>   |  |                    |                        |   |  |  |                                |                          |
| Dividend and interest income and gain on sales of investments held-for-trading   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 500  | -                  | -                      | 156,520   | 202,419  | -  | 700                            | 360,139                  |
| - Other countries  | -  | -                  | -                      | -   | 308,709  | -  | -                              | 308,709                  |
| Revenue from external customers  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 36,253             | 128,355                | -   | -  | 6,325  | 61,845                         | 232,778                  |
| - United Kingdom   | -  | 40,287             | 121,998                | -   | -  | -  | -                              | 162,285                  |
| - Mainland China   | 235,462                                      | -                  | 453                    | -   | -  | -  | -                              | 235,915                  |
|  | 235,962                                      | 76,540             | 250,806                | 156,520   | 511,128  | 6,325  | 62,545                         | 1,299,826                |
| Revenue (excluding dividend income from segments of property development and trading and property leasing)                                 | 235,462                                      | 76,540             | 250,806                | 156,520   | 511,128  | 6,325  | 62,545                         | 1,299,326                |
| Attributable property sales from associates/investee company   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 2,372,246                                    | -                  | -                      | -   | -  | -  | -                              | 2,372,246                |
| Attributable rental revenue from associates/investee company   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 18,343             | 43,339                 | -   | -  | -  | -                              | 61,682                   |
| - Mainland China   | -  | 33,375             | 8,970                  | -   | -  | -  | -                              | 42,345                   |
|  | 2,607,708                                    | 128,258            | 303,115                | 156,520   | 511,128  | 6,325  | 62,545                         | 3,775,599                |
| <b>Results</b>   |  |                    |                        |   |  |  |                                |                          |
| Segment results  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 500  | 33,189             | 122,276                | 156,829   | (474,582)  | (843)  | 38,149                         | (124,482)                |
| - United Kingdom   | -  | 29,854             | 105,952                | -   | -  | 12   | -                              | 135,818                  |
| - Mainland China   | 17,297                                       | -                  | 259                    | -   | -  | 3,364  | -                              | 20,920                   |
| - Other countries  | -  | -                  | -                      | -   | (1,663,404)  | 17,906   | -                              | (1,645,498)              |
|  | 17,797                                       | 63,043             | 228,487                | 156,829   | (2,137,986)  | 20,439   | 38,149                         | (1,613,242)              |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| - Attributable property sales, net   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | 4,994  | -                  | -                      | -   | -  | -  | -                              | 4,994                    |
| - Attributable gross income  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | 17,103             | 43,064                 | -   | -  | -  | 2,257                          | 62,424                   |
| - Mainland China   | -  | 33,375             | 8,970                  | -   | -  | -  | -                              | 42,345                   |
| - Attributable operating cost  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong  | -  | (1,373)            | (8,294)                | -   | -  | -  | -                              | (9,667)                  |
| - Mainland China   | -  | (17,368)           | (3,386)                | -   | -  | -  | -                              | (20,754)                 |
|  | 22,791                                       | 94,780             | 268,841                | 156,829   | (2,137,986)  | 20,439   | 40,406                         | (1,533,900)              |
| Other income   | 7,059  | 3,059              | 3,527                  | -   | -  | -  | -                              | 13,645                   |
| Finance costs  | -  | -                  | -                      | (6,833)   | (7,503)  | -  | -                              | (14,336)                 |
| Share of results of investments accounted for using the equity method  |  |                    |                        |   |  |  |                                |                          |
| - Income tax, impairment loss in respect of property, plant and equipment, and others  | (1,220)                                      | (154,134)          | (11,146)               | -   | -  | -  | (351)                          | (166,851)                |
|  | 28,630                                       | (56,295)           | 261,222                | 149,996   | (2,145,489)  | 20,439   | 40,055                         | (1,701,442)              |
| Unallocated items  |  |                    |                        |   |  |  |                                |                          |
| Unallocated corporate expenses, net  |  |                    |                        |   |  |  |                                | (292,989)                |
| Unallocated finance costs  |  |                    |                        |   |  |  |                                | (90,140)                 |
| Income tax expense   |  |                    |                        |   |  |  |                                | (33,188)                 |
| Non-controlling interests  |  |                    |                        |   |  |  |                                | (1,757)                  |
| <b>Operating loss for the year attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                | (2,119,516)              |
| Share of realised fair value changes on disposal of an investment property of an associate recognised in current year                      |  |                    |                        |   |  |  |                                | 125                      |
| Major non-cash items   |  |                    |                        |   |  |  |                                |                          |
| - Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method) |  |                    |                        |   |  |  |                                | (1,395,914)              |
| <b>Loss for the year attributable to owners of the Company</b>   |  |                    |                        |   |  |  |                                | (3,515,305)              |

#### 4. Operating Segments (continued)

##### Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2021

|  |                    |
|--|--------------------|
|  | HK\$'000           |
| Core loss (excluding major non-cash items)   |                    |
| Operating loss for the year attributable to owners of the Company                                      | (2,119,516)        |
| Share of accumulated realised fair value changes on disposal of an investment property of an associate |                    |
| - Recognised in current year   | 125                |
| - Recognised in prior years  | 832                |
|  | <u>          </u>  |
| Core loss for the year attributable to owners of the Company   | <u>(2,118,559)</u> |

##### Consolidated Statement of Financial Position

At 31 December 2021

|   | Property development and trading<br>HK\$'000 | Property leasing   |                        | Listed equity investments at FVTOCI<br>HK\$'000 | Investments and treasury products at FVTPL<br>HK\$'000 | Unlisted investments, investment holding and brokerage<br>HK\$'000 | All other segments<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|--|--------------------|------------------------|---|--|--|--------------------------------|--------------------------|
|   |  | Retail<br>HK\$'000 | Non-retail<br>HK\$'000 |   |  |  |                                |                          |
| <b>Assets</b>   |  |                    |                        |   |  |  |                                |                          |
| Segment assets  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 1,080,356                                    | 1,786,593          | 6,917,591              | 407,388   | 366,326  | 300,797  | 209,605                        | 11,068,656               |
| - United Kingdom  | -  | 1,006,804          | 6,139,358              | -   | -  | -  | -                              | 7,146,162                |
| - Mainland China  | 290,093                                      | -                  | 28,790                 | -   | -  | 680  | -                              | 319,563                  |
| - Other countries   | -  | -                  | -                      | -   | 341,798  | 426,427  | -                              | 768,225                  |
| Investments accounted for using the equity method   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 49,246                                       | 427,869            | 1,605,929              | -   | -  | 1,788  | 10,173                         | 2,095,005                |
| - Mainland China  | -  | -                  | 91                     | -   | -  | -  | -                              | 91                       |
| Advances to associates  |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 1,912  | -                  | 127                    | -   | -  | 3  | 1,224                          | 3,266                    |
| - Mainland China  | -  | -                  | 46,794                 | -   | -  | -  | -                              | 46,794                   |
| Reportable segment assets   | <u>1,421,607</u>                             | <u>3,221,266</u>   | <u>14,738,680</u>      | <u>407,388</u>                                  | <u>708,124</u>   | <u>729,695</u>   | <u>221,002</u>                 | <u>21,447,762</u>        |
| Unallocated corporate assets  |  |                    |                        |   |  |  |                                | 149,308                  |
| Consolidated total assets   |  |                    |                        |   |  |  |                                | <u>21,597,070</u>        |
| <b>Liabilities</b>  |  |                    |                        |   |  |  |                                |                          |
| Segment liabilities   |  |                    |                        |   |  |  |                                |                          |
| - Hong Kong   | 35,939                                       | 22,782             | 114,854                | 27  | 4,346  | 10,922   | 6,160                          | 195,030                  |
| - United Kingdom  | -  | 15,539             | 176,054                | -   | -  | -  | -                              | 191,593                  |
| - Mainland China  | 47   | -                  | 35                     | -   | -  | 2  | -                              | 84                       |
| - Other countries   | -  | -                  | -                      | -   | 6  | 6  | -                              | 12                       |
| Reportable segment liabilities  | <u>35,986</u>                                | <u>38,321</u>      | <u>290,943</u>         | <u>27</u>                                       | <u>4,352</u>   | <u>10,930</u>  | <u>6,160</u>                   | <u>386,719</u>           |
| Unallocated corporate liabilities   |  |                    |                        |   |  |  |                                | 6,811,521                |
| Consolidated total liabilities  |  |                    |                        |   |  |  |                                | <u>7,198,240</u>         |
| <b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b> | -  | 20,157*            | 382,900*               | -   | -  | 282  | 335                            |                          |

\* included the acquisition of investment properties of Pinwheel Investments Limited through acquisition of a subsidiary

#### 4. Operating Segments (continued)

##### Other Material Items

For the year ended 31 December 2021

|  | Reportable<br>segments<br>HK\$'000 | Adjustments<br>for<br>unallocated<br>items<br>HK\$'000 | Adjustment<br>for realised<br>fair value<br>changes<br>HK\$'000 | Adjustments<br>for major<br>non-cash<br>items<br>HK\$'000 | Consolidated<br>statement of<br>comprehensive<br>income<br>HK\$'000 |
|--|------------------------------------|--|---|---|---|
| Interest income  | 320,437                            | -  | -   | -   | 320,437   |
| Finance costs  | (14,336)                           | (90,140)   | -   | -   | (104,476)   |
| Net income (expenses)  | 306,101                            | (90,140)   | -   | -   | 215,961   |
| Depreciation of:   |                                    |  |   |   |   |
| - Property, plant and equipment  | -                                  | (56,355)   | -   | -   | (56,355)  |
| - Right-of-use assets  | -                                  | (68,417)   | -   | -   | (68,417)  |
| Fair value changes on investment properties                              | -                                  | -  | -   | (1,376,616)   | (1,376,616)   |
| Share of results of investments accounted<br>for using the equity method | (87,509)                           | -  | 125   | (19,298)  | (106,682)   |
| Income tax expense   | -                                  | (33,188)   | -   | -   | (33,188)  |
| Non-controlling interests  | -                                  | (1,757)  | -   | -   | (1,757)   |

#### 5. Other Income

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Included in other income are:   |                  |                  |
| Rental services income  | 3,354            | 3,250            |
| Leasing administration services and property administration services income                     | 4,806            | 4,762            |
| Advisory and consultancy services income  | 38               | 32               |
| Government subsidy - Employment Support Scheme (note)   | 4,697            | -                |
| Dilapidations settlement received from tenant in respect of properties in<br>the United Kingdom | 2,487            | 436              |
| Overprovision of reinstatement costs in respect of leased properties                            | 1,200            | -                |
| Overprovision of costs in respect of a development project                                      | -                | 7,059            |
| Consultancy fee income  | -                | 23,486           |
| Reversal of allowance for credit losses recognised in respect of<br>trade receivables, net      | -                | 3,046            |
| Exchange gain, net  | -                | 16,955           |

Note: During the Year, the government subsidy was granted under Employment Support Scheme which aims to retain employment under the Anti-epidemic Fund of the Government of Hong Kong Special Administrative Region of the People's Republic of China ("PRC").

## 6. Investment Expenses, Net

|  | 2022<br>HK\$'000 | 2021<br>HK\$'000   |
|--|------------------|--------------------|
| Financial assets measured at fair value through profit or loss:                    |                  |                    |
| Unrealised loss arising from change in fair value of bonds                         | <b>(160,172)</b> | (606,931)          |
| Realised gain (loss) arising from change in fair value of bonds                    |                  |                    |
| - Change in fair value   | <b>179</b>       | (1,683,815)        |
| - Exchange component of change   | <b>76</b>        | 15,774             |
| Net loss arising from change in fair value of bonds                                | <b>(159,917)</b> | (2,274,972)        |
| Unrealised gain (loss) arising from change in fair value of structured product     | <b>5</b>         | (1,160)            |
| Realised loss arising from change in fair value of structured products             | <b>(574)</b>     | (13,449)           |
| Net loss arising from change in fair value of structured products                  | <b>(569)</b>     | (14,609)           |
| Unrealised loss arising from change in fair value of investments held-for-trading  | <b>(158,105)</b> | (339,614)          |
| Unrealised gain arising from change in fair value of club and corporate debentures | <b>2,432</b>     | 4,944              |
| Realised loss arising from change in fair value of a corporate debenture           | <b>-</b>         | (8,850)            |
| Net gain (loss) arising from change in fair value of club and corporate debentures | <b>2,432</b>     | (3,906)            |
| Financial assets/liabilities measured at fair value through profit or loss:        |                  |                    |
| Unrealised gain arising from change in fair value of cross currency swap           | <b>1,250</b>     | 1,623              |
| Realised (loss) gain arising from change in fair value of cross currency swap      | <b>(1,623)</b>   | 111                |
| Net (loss) gain arising from change in fair value of cross currency swaps          | <b>(373)</b>     | 1,734              |
| Other investment income (expenses), net  | <b>8,468</b>     | (1,704)            |
| Interest income from other financial assets  | <b>16,937</b>    | 4,195              |
|  | <b>(291,127)</b> | <b>(2,628,876)</b> |

## 7. Finance Costs

|   | 2022<br>HK\$'000      | 2021<br>HK\$'000      |
|---|-----------------------|-----------------------|
| Interest on:  |                       |                       |
| Bank borrowings   | 129,783               | 80,740                |
| Other borrowings  | 5                     | 10,583                |
| Lease liabilities   | 1,173                 | 1,834                 |
| Total interest  | <u>130,961</u>        | <u>93,157</u>         |
| Exchange (gain) loss on translation of foreign currency<br>bank and other borrowings, net | (932)                 | 5,596                 |
| Other finance costs   | <u>7,567</u>          | <u>8,072</u>          |
|   | <u>137,596</u>        | <u>106,825</u>        |
| Less: Interest capitalised to investment properties under construction                    | <u>(4,475)</u>        | <u>(2,349)</u>        |
|   | <u><b>133,121</b></u> | <u><b>104,476</b></u> |

During the Year, the Group has capitalised borrowing costs at a rate of 2.49% (2021: 1.31%) per annum, amounting to approximately HK\$4,475,000 (2021: HK\$2,349,000) on qualifying assets.

## 8. Income Tax Expense

|                               | 2022<br>HK\$'000     | 2021<br>HK\$'000     |
|-------------------------------|----------------------|----------------------|
| The charge comprises:         |                      |                      |
| Current tax:                  |                      |                      |
| Hong Kong Profits Tax         | 2,316                | 4,981                |
| Other than Hong Kong          | 16,781               | 22,080               |
|                               | <u>19,097</u>        | <u>27,061</u>        |
| Overprovision in prior years: |                      |                      |
| Hong Kong Profits Tax         | (877)                | (121)                |
| Other than Hong Kong          | (2,635)              | (2,634)              |
|                               | <u>(3,512)</u>       | <u>(2,755)</u>       |
| Deferred tax:                 |                      |                      |
| Current year charge           | 11,240               | 8,882                |
|                               | <u><b>26,825</b></u> | <u><b>33,188</b></u> |

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5% (2021: 16.5%). The PRC Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (2021: 25%). The Group is subject to tax rate in the United Kingdom at 19% (2021: 19%). Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 9. Profit (Loss) for the Year

|  | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|--|------------------|------------------|
| Profit (loss) for the year has been arrived at after (charging) crediting:   |                  |                  |
| Total staff costs:   |                  |                  |
| Staff costs, including Directors' emoluments   | (136,921)        | (133,298)        |
| Retirement benefit scheme contributions,<br>net of forfeited contributions of nil (2021: approximately HK\$188,000)                                      | (8,615)          | (8,319)          |
|  | (145,536)        | (141,617)        |
| Auditors' remuneration for audit services:   |                  |                  |
| Auditors of the Company  | (2,038)          | (2,101)          |
| - Current year   |                  |                  |
| Other auditors   | (542)            | (549)            |
| - Current year   | (33)             | (1)              |
| - Underprovision in prior years  | (2,613)          | (2,651)          |
| Auditors' remuneration for non-audit services:   |                  |                  |
| Auditors of the Company  | (100)            | (3,100)          |
| Depreciation of:   |                  |                  |
| - Property, plant and equipment  | (62,983)         | (56,355)         |
| - Right-of-use assets  | (57,045)         | (68,417)         |
|  | (120,028)        | (124,772)        |
| Exchange loss, net   | (22,354)         | -                |
| Rental expenses from short-term leases   | (2,202)          | (601)            |
| Cost of trading properties sold  | -                | (214,466)        |
| Cost of cosmetics products sold  | (6,170)          | (5,378)          |
| Share of tax of investments accounted for using the equity method (included<br>in share of results of investments accounted for using the equity method) |                  |                  |
| - Share of tax of associates   | (8,793)          | (9,265)          |
| Gross proceeds on sales of investments held-for-trading  | 1,486,761        | 3,977,747        |
| Carrying amount of investments held-for-trading disposed of  | (1,455,081)      | (3,787,015)      |
| Transaction costs on sales of investments held-for-trading   | (3,048)          | (6,873)          |
| Gain on sales of investments held-for-trading included in revenue  | 28,632           | 183,859          |
| Gross rental income from investment properties   | 293,650          | 327,346          |
| Less: Direct operating expenses from investment properties that<br>generated rental income during the year   | (17,712)         | (10,623)         |
| Direct operating expenses from investment properties that<br>did not generate rental income during the year  | (10,344)         | (25,193)         |
|  | 265,594          | 291,530          |
| (Allowance for credit losses) reversal of allowance for credit losses<br>recognised, net in respect of:  |                  |                  |
| - Interest receivables from bonds  | (11,156)         | (11,885)         |
| - Trade receivables  | (1)              | 3,046            |
| - Advances to associates   | (7,421)          | (47)             |
|  | <b>(18,578)</b>  | <b>(8,886)</b>   |



## 10. Dividends

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| No final dividend for 2021 (2020: HK1 cent per share) | -                | 19,076           |

On 17 August 2022, the Board had resolved not to declare any interim dividend for 2022 (2021: nil).

No final dividend for the Year (2021: nil) has been recommended by the Board.

## 11. Earnings (Loss) per Share

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

|  | 2022<br>HK\$'000        | 2021<br>HK\$'000     |
|--|-------------------------|----------------------|
| Earnings (loss):   |                         |                      |
| Earnings (loss) for the purposes of basic and diluted earnings (loss) per share                            |                         |                      |
| Profit (loss) for the year attributable to owners of the Company   | <u>1,152,235</u>        | <u>(3,515,305)</u>   |
|  | <b>Number of shares</b> |                      |
|  | 2022                    | 2021                 |
| Number of shares:  |                         |                      |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share | <u>1,907,619,079</u>    | <u>1,907,619,079</u> |

Diluted earnings (loss) per share for the years ended 31 December 2022 and 2021 were the same as the basic earnings (loss) per share as there were no potential ordinary shares of the Company in issue during both years.

## 12. Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at FVTPL comprise investments held-for trading, bonds, structured product, club and corporate debentures and derivative financial instrument.

## 13. Financial Assets Measured at Fair Value Through Other Comprehensive Income

Financial assets measured at FVTOCI comprise equity securities listed in Hong Kong and unlisted equity securities incorporated in Hong Kong or elsewhere.

#### 14. Debtors, Deposits, Other Receivables and Prepayments

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Trade receivables (net of allowance for credit losses)  | 8,936            | 67,761           |
| Deposits and prepayments  | 136,045          | 77,984           |
| Interest receivables from bonds and structured products<br>(net of allowance for credit losses) | 2,791            | 5,520            |
| Other receivables   | 122,777          | 144,235          |
|   | <u>270,549</u>   | <u>295,500</u>   |
| Analysed for reporting purpose as:  |                  |                  |
| Non-current   | 84,081           | 34,762           |
| Current   | 186,468          | 260,738          |
|   | <u>270,549</u>   | <u>295,500</u>   |

Included in debtors, deposits, other receivables and prepayments are trade receivables of approximately HK\$8,936,000 (2021: HK\$67,761,000), which comprised rental and building management fee receivables billed in advance and settlements from tenants which are expected upon receipts of billings and receivables from property management services and cosmetics business.

The carrying amounts of trade receivables (net of allowance for credit losses) of the Group's major businesses are as follows:

|  | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|--|------------------|------------------|
| Rental receivables from property leasing                   | 1,183            | 57,768           |
| Receivables from building and property management services | 6,152            | 6,710            |
| Receivables from cosmetics business                        | 1,601            | 3,283            |
|  | <u>8,936</u>     | <u>67,761</u>    |

The following is the aged analysis of trade receivables (net of allowance for credit losses), presented based on the respective revenue recognition dates, at the end of the reporting period:

|              | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|--------------|------------------|------------------|
| 0 - 30 days  | 4,813            | 28,984           |
| 31 - 60 days | 2,640            | 2,792            |
| 61 - 90 days | 637              | 642              |
| Over 90 days | 846              | 35,343           |
|              | <u>8,936</u>     | <u>67,761</u>    |

## 15. Creditors and Accruals

Included in creditors and accruals are trade payables of approximately HK\$2,136,000 (2021: HK\$3,776,000).

The following is the aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

|              | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|--------------|------------------|------------------|
| 0 - 90 days  | 1,628            | 2,633            |
| Over 90 days | 508              | 1,143            |
|              | <u>2,136</u>     | <u>3,776</u>     |

## 16. Capital Commitments

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Authorised and contracted for:                            |                  |                  |
| Capital investment in limited partnership ( <i>note</i> ) | 51,866           | 60,700           |
| Redevelopment expenditure of properties                   | 638,180          | 172,688          |
| Purchases of equipment and leasehold improvement          | 14,399           | 72,587           |
| Refurbishment of properties                               | 2,396            | 1,455            |
|   | <u>706,841</u>   | <u>307,430</u>   |

*Note: The Group had committed to make a capital contribution of United States dollar ("US\$")100,000,000 (equivalent to HK\$779,820,000) in an exempted limited partnership formed under the Exempted Limited Partnership Law (Revised) of the Cayman Islands ("Cayman Islands Partnership"). Up to the end of the reporting period, approximately US\$93,349,000 (equivalent to approximately HK\$724,064,000) (2021: US\$92,217,000 (equivalent to approximately HK\$715,235,000)) among the contribution has been paid by the Group. The outstanding amount was approximately US\$6,651,000 (equivalent to approximately HK\$51,866,000, after exchange adjustment) (2021: US\$7,783,000 (equivalent to approximately HK\$60,700,000, after exchange adjustment)).*

## 17. Contingent Liabilities

|  | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|--|------------------|------------------|
| Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries                         | 15,000           | 15,000           |
| Guarantee given to a bank in respect of a banking facility utilised by an investee company/indemnity given to a third party in relation to an investee company | 613,830          | 613,830          |
|  | <u>628,830</u>   | <u>628,830</u>   |

No provision for financial guarantee contracts and/or deed of indemnity have been made as at 31 December 2022 and 2021 as the Directors considered the default risk is low.

## **DIVIDENDS**

The Board has not recommended the payment of final dividend for the Year (2021: nil).

Having considered the Company's dividend policy, to preserve more cash for the Group's future financial, property investment or securities investment opportunities, the Board has not recommended the payment of final dividend for the Year (2021: nil).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining the members' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on 25 May 2023 (the "2023 AGM"), the register of members will be closed from 22 May 2023 to 25 May 2023, both days inclusive. In order to be eligible to attend and vote at the 2023 AGM, all properly completed share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Registrar and Transfer Office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 19 May 2023.

## **FINANCIAL OPERATION REVIEW**

### **Results**

#### Revenue

Revenue for the Year amounted to HK\$1,435.0 million (2021: HK\$1,299.8 million), an increase of 10.4% over last year and comprised gross rental income of HK\$293.7 million (2021: HK\$327.3 million), gain on sales of investments held-for-trading on a net basis of HK\$28.6 million (2021: HK\$183.9 million), dividend income from listed and unlisted equity investments of HK\$1,023.0 million (2021: HK\$169.5 million), interest income from bonds and structured products of HK\$22.0 million (2021: HK\$315.5 million), building and property management services income of HK\$52.0 million (2021: HK\$50.1 million), others of HK\$15.7 million (2021: HK\$18.1 million) and property sales of nil (2021: HK\$235.4 million). The increase in revenue was mainly due to dividend income of HK\$1,014.0 million (2021: nil) from an investee company engaged in property development and trading, despite of decrease in interest income from bonds and structured products of HK\$293.5 million, decrease in gain on sales of investments held-for-trading of HK\$155.3 million and decrease in property sales of HK\$235.4 million for the Year.

#### Gross Profit

Gross profit for the Year amounted to HK\$1,376.7 million (2021: HK\$1,017.4 million), an increase of 35.3% as compared with last year which was also mainly due to dividend income of HK\$1,014.0 million from an investee company despite of decrease in interest income from bonds and structured products, decrease in gain on sales of investments held-for-trading and no property sale for the Year.

#### Property Leasing

For property leasing, the rental revenue in non-retail section decreased by 9.1% to HK\$228.0 million and retail section decreased by 14.1% to HK\$65.7 million during the Year. The total rental income in revenue for the Year recorded a decrease of 10.3% to HK\$293.7 million as compared with last year of HK\$327.3 million.

Together with the attributable rental revenue generated from associates and an investee company of HK\$87.0 million (2021: HK\$104.0 million), the total attributable rental revenue to the Group amounted to HK\$380.7 million (2021: HK\$431.3 million), which represents a decrease of 11.7% over last year.

Attributable net rental income for the Year showed HK\$325.7 million, a decrease of 10.4% over HK\$363.6 million in last year.

### Property Development and Trading

During the Year, the Group did not dispose of any trading property (2021: sales of a house and certain parking spaces in Beijing, the PRC recorded property sales revenue and gross profit of HK\$235.4 million and HK\$17.3 million respectively).

In respect of properties held by an investee company, sales of 88 units and certain parking spaces of Grand Central in Kwun Tong (10% interest) were recorded by the investee company during the Year. Following the recognition of sales and profits by the investee company, the investee company declared dividends and hence dividend income from the investee company had contributed HK\$1,014.0 million (2021: nil) to the Group's revenue and profit during the Year.

In summary, the Group's investee company recorded attributable sales of HK\$186.8 million (2021: the Group together with its associates and investee company of HK\$2,607.7 million) for the Year.

### Securities Investments

The Group has in the ordinary and usual course of business conducted its securities investment activities, as at 31 December 2022, comprised bonds, listed equity investments and treasury products. During the Year, the net loss (excluding gain/loss recognised in financial assets measured at FVTOCI reserve) recognised from securities investments and treasury products represents loss on investments and treasury products at FVTPL of HK\$274.0 million (2021: net loss of HK\$1,995.5 million, comprised loss on investments and treasury products at FVTPL of HK\$2,145.5 million and gain on listed equity investments at FVTOCI of HK\$150.0 million).

During the Year, the Group disposed of listed investments held-for-trading and recognised a realised gain of HK\$28.6 million (2021: HK\$183.9 million) (the gains/losses of which was included in revenue) with gross proceeds of HK\$1,486.8 million (2021: HK\$3,977.7 million). In addition, realised gain on bonds of HK\$0.3 million (2021: realised loss of HK\$1,668.0 million) and realised loss on structured products of HK\$0.6 million (2021: HK\$13.5 million) were recorded during the Year.

During the Year, the Group recorded an unrealised loss of HK\$318.3 million (2021: HK\$947.7 million) representing the changes in fair value of bonds, listed equity investments and structured product, comprised unrealised loss on bonds of HK\$160.2 million (2021: HK\$606.9 million), unrealised loss on listed investments held-for-trading of HK\$158.1 million (2021: HK\$339.6 million) and minimal unrealised gain on structured product (2021: unrealised loss of HK\$1.2 million), which had no effect on the cash flow of the Group. The Group believes that the decrease in price of bonds in the industry of PRC-based real estate in the Year, among others, was owing to concerns about the liquidity and going concern issues and the tightening gearing policy over the real estate developers in the PRC. Given the volatility of the stock markets during the Year, the price of listed equity investments experienced a downside in general. In addition, certain of the shares listed on the Stock Exchange held by the Group were suspended from trading during the Year and remained suspended at the end of the reporting period.

During the Year, interest income from bonds and structured products (which were included in revenue) amounted to HK\$21.0 million (2021: HK\$305.0 million) and HK\$1.0 million (2021: HK\$10.5 million) respectively. The substantial decrease in interest income from bonds was mainly due to a much smaller bond portfolio held during the Year as compared with a sizeable bond portfolio held during the year 2021; and certain PRC-based real estate bond issuers have defaulted interest payments as a result of their liquidity issues. Together with dividend income from listed equity investments at FVTPL of HK\$8.3 million (2021: HK\$11.7 million), the Group recognised interest/dividend income from investments and treasury products at FVTPL of HK\$30.3 million (2021: HK\$327.2 million) for the Year. During the Year, there was no dividend income from listed equity investment at FVTOCI (2021: HK\$156.5 million).

Summing up the realised and unrealised gain/loss and adding the net income from net dividend income, interest income, other investment income/expenses and net finance income/costs of HK\$16.0 million (2021: HK\$449.8 million), the loss recognised from securities investments and treasury products was HK\$274.0 million (2021: HK\$1,995.5 million) for the Year.

The dividend income from listed equity investments of HK\$8.3 million (2021: HK\$168.3 million) and interest income from bonds and structured products of HK\$22.0 million (2021: HK\$315.5 million) were recorded in revenue.

The respective income/expense from securities investments under different categories are further elaborated below:

*Investments and Treasury Products at Fair Value Through Profit or Loss*

Details of realised and unrealised gain/loss, interest and dividend income by each type of bonds, listed investments held-for-trading and structured products during the Year are shown below:

|  | Realised gain (loss) |                  | Unrealised loss |                | Interest/dividend income |               | Total loss     |                  |
|--|----------------------|------------------|-----------------|----------------|--------------------------|---------------|----------------|------------------|
|  | 2022                 | 2021             | 2022            | 2021           | 2022                     | 2021          | 2022           | 2021             |
|  | HK\$ million         | HK\$ million     | HK\$ million    | HK\$ million   | HK\$ million             | HK\$ million  | HK\$ million   | HK\$ million     |
| <b>Bond issuers by industry</b>            |                      |                  |                 |                |                          |               |                |                  |
| Financial institutions                     | 0.3                  | 9.7              | (18.2)          | 0.2            | 5.8                      | 12.7          | (12.1)         | 22.6             |
| PRC-based real estate                      | -                    | (1,677.7)        | (142.0)         | (607.1)        | 15.2                     | 292.3         | (126.8)        | (1,992.5)        |
|  | <b>0.3</b>           | <b>(1,668.0)</b> | <b>(160.2)</b>  | <b>(606.9)</b> | <b>21.0*</b>             | <b>305.0*</b> | <b>(138.9)</b> | <b>(1,969.9)</b> |
| <b>Listed investments held-for-trading</b> | <b>28.6</b>          | <b>183.9</b>     | <b>(158.1)</b>  | <b>(339.6)</b> | <b>8.3</b>               | <b>11.7</b>   | <b>(121.2)</b> | <b>(144.0)</b>   |
| <b>Structured products</b>                 | <b>(0.6)</b>         | <b>(13.5)</b>    | <b>-</b>        | <b>(1.2)</b>   | <b>1.0</b>               | <b>10.5</b>   | <b>0.4</b>     | <b>(4.2)</b>     |
|  | <b>28.3</b>          | <b>(1,497.6)</b> | <b>(318.3)</b>  | <b>(947.7)</b> | <b>30.3</b>              | <b>327.2</b>  | <b>(259.7)</b> | <b>(2,118.1)</b> |
| Other net investment expenses              |                      |                  |                 |                |                          |               | (14.3)*        | (19.9)*          |
| Loss before net finance costs              |                      |                  |                 |                |                          |               | (274.0)        | (2,138.0)        |
| Net finance costs                          |                      |                  |                 |                |                          |               | -              | (7.5)            |
| Loss after net finance costs               |                      |                  |                 |                |                          |               | (274.0)        | (2,145.5)        |

\* allowance for credit losses recognised in respect of bond interest receivables of HK\$11.2 million (2021: HK\$11.9 million) was included in "other net investment expenses".

*Listed Equity Investments at Fair Value Through Other Comprehensive Income*

(a) *Implication on Profit or Loss for the Year*

During the Year, no income/expenses was recorded from listed equity investments at FVTOCI (2021: recorded a net gain of HK\$150.0 million, comprising net dividend income of HK\$156.5 million (after transaction cost) from a listed equity investment, net relevant finance costs of HK\$6.8 million and other investment income of HK\$0.3 million).

(b) *Implication on Other Comprehensive Expenses for the Year*

During the Year, the Group disposed part of a listed equity investment and recorded a realised gain of HK\$15.0 million (2021: realised loss of HK\$7,869.9 million) (inclusive of transaction costs), and an unrealised loss on fair value change of the remaining listed equity investment of HK\$105.7 million (2021: HK\$3,051.9 million) was recognised in other comprehensive expenses. Realised gain/loss on fair value change is a cash item while unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

Other Income and Expenses

During the Year, the Group recorded other income of HK\$18.0 million (2021: HK\$63.2 million). The decrease was mainly due to consultancy fee income of HK\$23.5 million, overprovision of costs in respect of a development project of HK\$7.1 million and exchange gain, net of HK\$17.0 million recorded in 2021.

During the Year, administrative expenses increased by 3.9% to HK\$358.0 million (2021: HK\$344.5 million). Finance costs increased by 27.4% to HK\$133.1 million (2021: HK\$104.5 million) during the Year, including exchange gain of HK\$0.9 million on translation of foreign currency bank borrowing (2021: exchange loss of HK\$3.8 million on translation of foreign currency other borrowings hedged for foreign currency securities investments and exchange loss of HK\$1.8 million on translation of foreign currency bank borrowing). The increase in finance costs was mainly due to the increase in average interest rate during the Year.

Other gains and losses for the Year recorded a loss of HK\$7.5 million mainly comprised allowance for credit losses recognised in respect of advances to associates of HK\$7.4 million (2021: minimal loss).

### Investments Accounted for Using the Equity Method

The share of results of investments accounted for using the equity method for the Year recorded a profit from the share of results of associates of HK\$45.4 million (2021: loss of HK\$106.7 million). The turning from loss to profit for the Year was mainly due to recognition of an impairment loss by an associate in 2021.

### Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong and Mainland China were revalued at 31 December 2022 by B.I. Appraisals Limited (“B.I. Appraisals”) whereas investment properties in the United Kingdom were revalued by LCH (Asia-Pacific) Surveyors Limited (“LCH (Asia-Pacific)”). B.I. Appraisals and LCH (Asia-Pacific) are independent qualified professional property valuers. An unrealised gain on fair value changes on investment properties of HK\$528.5 million (2021: unrealised loss of HK\$1,376.6 million) was recorded during the Year. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

## **Profit/Loss, Core Profit/Loss, Dividends, Repurchase and Total Comprehensive Expenses**

### Profit/Loss

Profit for the Year attributable to owners of the Company was HK\$1,152.2 million as compared to loss of HK\$3,515.3 million for last year. The turning from loss to profit for the Year was mainly due to (a) recognition of dividend income from an investee company; (b) the fair value changes on investment properties turning from loss to gain; and (c) the decrease in net loss from securities investments and treasury products during the Year. Earnings per share for the Year was HK\$0.60 (2021: loss per share of HK\$1.84).

### Core Profit/Loss

Core profit/loss is a non-HKFRS measure, is arrived at by adding (i) reported profit/loss excluding unrealised fair value changes on investment properties and other properties together with their respective deferred tax (if applicable) during the Year; and (ii) accumulated realised fair value changes on investment properties and other properties together with their respective deferred tax (if applicable) recognised in prior years. The Group believes that the presentation of non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impact of certain items.

If the net gain on the major non-cash items of HK\$513.1 million is excluded (2021: net loss on the major non-cash items of HK\$1,395.9 million was excluded but the share of accumulated realised fair value gain recognised in prior years on disposal of an investment property of an associate of HK\$0.8 million was included), the Group will have a core profit for the Year attributable to owners of the Company of HK\$639.1 million (2021: core loss of HK\$2,118.6 million) and a core profit per share of HK\$0.34 (2021: core loss per share of HK\$1.11).

The major non-cash items represented the attributable net unrealised fair value gain on investment properties together with their respective deferred tax from the Group and its associates of HK\$513.1 million (2021: net unrealised fair value loss of HK\$1,395.9 million).

### Dividends

No final dividend for 2021 (2020: HK1 cent per share in total amount of HK\$19.1 million) and no interim dividend for 2022 (2021: nil) were paid during the Year.

### Repurchase

During the Year, the Company had not repurchased any of the Company’s share.

### Total Comprehensive Expenses

Total comprehensive expenses for the Year attributable to owners of the Company was HK\$403.8 million or HK\$0.21 per share (2021: HK\$14,375.7 million or HK\$7.54 per share), which comprised (a) profit for the Year attributable to owners of the Company of HK\$1,152.2 million (2021: loss of HK\$3,515.3 million); and (b) other comprehensive expenses for the Year attributable to owners of the Company of HK\$1,556.0 million (2021: HK\$10,860.4 million) which mainly included (i) unrealised loss of HK\$862.5 million (2021: unrealised gain of HK\$131.2 million) on fair value change of an unlisted equity security at FVTOCI as a result of the decrease in the

carrying amount of the unlisted equity security by the corresponding amount upon declaration of dividends of HK\$1,014.0 million (as disclosed in the sub-paragraph headed “Property Development and Trading” of paragraph headed “Results” above); (ii) realised gain of HK\$15.0 million (2021: realised loss of HK\$7,869.9 million) (inclusive of transaction costs) and unrealised loss of HK\$105.7 million (2021: HK\$3,051.9 million) on fair value change of a listed equity investment at FVTOCI; and (iii) Pound Sterling (“GBP”) exchange loss of foreign operations of HK\$484.0 million (2021: HK\$30.0 million).

## **Net Asset Value**

As at 31 December 2022, the Group’s net asset value attributable to owners of the Company amounted to HK\$13,979.5 million (2021: HK\$14,375.6 million), a decrease of HK\$396.1 million or 2.8% when compared with 31 December 2021. With the total number of ordinary shares in issue of 1,907,619,079 as at 31 December 2022 and 2021, the net asset value per share attributable to owners of the Company was HK\$7.33 (2021: HK\$7.54). The movement in net asset value represented total comprehensive expenses for the Year attributable to owners of the Company of HK\$403.8 million and forfeiture of unclaimed dividends recorded in retained profits of HK\$7.7 million.

In view of the redevelopment plan of properties in Tsuen Wan, Hong Kong and “120 Fleet Street” in London, United Kingdom, certain redevelopment expenditures which have been authorised and contracted for have been disclosed in “Capital Commitments” in Note 16 to the consolidated financial statements. Going forward, further investment in capital expenditures for these two redevelopment properties are planned.

Other than the existing projects and those disclosed in the final results, the Group did not have material acquisition or disposal of assets and any future plans for material investment or capital assets.

## **Securities Investments**

The Group’s strategy is to maintain securities investment portfolio for treasury management and invest in securities investments and treasury products with attractive yield and good prospect in order to bring stable and satisfactory realised return in long run.

### Securities Investments and Treasury Products

As at 31 December 2022, the portfolio of securities investments and treasury products of HK\$702.3 million (2021: HK\$1,066.0 million) comprised (a) bonds, listed investments held-for-trading and structured product (presented as financial assets measured at FVTPL (non-current and current assets)) in aggregate of HK\$592.5 million (2021: HK\$701.4 million); and (b) listed equity investment (presented as financial assets measured at FVTOCI) of HK\$109.8 million (2021: HK\$364.6 million), representing 3.6% (2021: 4.9%) of total assets.

### Unlisted Securities Investments

The Group also invested in the Cayman Islands Partnership (presented as financial assets measured at FVTOCI) and the carrying amount was HK\$425.9 million as at 31 December 2021. During the Year, the Group has contributed US\$1.1 million (equivalent to approximately HK\$8.8 million) which was funded from its distribution and received distributions of US\$5.7 million (equivalent to approximately HK\$44.9 million) (which were included in financial assets measured at FVTOCI), after deducting the fair value loss for the Year of HK\$99.8 million (which was recognised in financial assets measured at FVTOCI reserve), the carrying amount was HK\$290.0 million as at 31 December 2022, representing 1.5% (2021: 2.0%) of total assets.

## **Risk Management**

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

## **Equity**

The number of issued ordinary shares as at 31 December 2022 and 2021 were 1,907,619,079.



## Debt and Gearing

As at 31 December 2022, the Group's total debt amounted to HK\$4,975.5 million (2021: HK\$5,515.2 million), comprised bank borrowings of HK\$4,886.9 million (2021: HK\$5,455.5 million) and lease liabilities amounted to HK\$88.6 million (2021: HK\$59.7 million). Cash and deposits at banks amounted to HK\$2,038.8 million (2021: HK\$2,479.9 million), pledged deposits amounted to HK\$147.8 million (2021: HK\$277.5 million) and net debt (including lease liabilities) amounted to HK\$2,788.9 million (2021: HK\$2,757.8 million).

Total debt to equity ratio (including lease liabilities) was 35.5% (2021: 38.3%) and net debt to equity ratio (including lease liabilities) was 19.9% (2021: 19.2%), which are expressed as a percentage of total debt, and net debt, respectively, over the total equity of HK\$14,002.8 million (2021: HK\$14,398.8 million).

If the securities investments and treasury products of HK\$702.3 million (2021: HK\$1,066.0 million) are included, the net debt to equity ratio would be 14.9% (2021: 11.8%).

As at 31 December 2022, the Group's bank borrowings of HK\$4,886.9 million, 54.9%, 13.8% and 31.3% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively. Of which the Group's bank borrowings were denominated in HK\$ (30.5%), GBP (46.0%) and US\$ (23.5%) before entering the cross currency swap. During the Year, the Group has entered into short term US\$/HK\$ cross currency swap to enhance interest payable on borrowing, and as at 31 December 2022, notional amount of approximately US\$147.4 million was outstanding. As at 31 December 2022, the Group's bank borrowings were carried at interest rates calculated with reference to cost of funds, Hong Kong Interbank Offered Rate or compounded reference rate and all the Group's bank borrowings were on floating rate basis. Except as disclosed, no hedging for interest rate is subsisted at the end of the reporting period.

## Pledge of Assets

As at 31 December 2022, the Group had pledged the following assets with their respective carrying amounts:

- (a) The Group's investment properties of HK\$8,869.0 million (2021: HK\$11,334.9 million), properties of HK\$38.2 million (2021: HK\$42.9 million) and bank deposits of HK\$147.8 million (2021: HK\$277.5 million) were pledged to the banks to secure general banking facilities granted to the Group.
- (b) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

## Financial and Interest Income/Expenses

Interest income was included in revenue and investment expenses, net. Interest income for the Year decreased to HK\$40.2 million (2021: HK\$320.4 million), representing a decrease of 87.5% as compared with last year which was mainly due to the decrease in bond portfolio and hence its relevant interest income and certain PRC-based real estate bond issuers have defaulted interest payments as a result of their liquidity issues during the Year.

Finance costs included interest expenses on bank and other borrowings and lease liabilities; exchange difference on translation of foreign currency borrowings; and arrangement fee and facility and commitment fee expenses. Interest expenses (excluding interest expenses on lease liabilities) for the Year amounted to HK\$125.3 million, representing an increase of 40.8% over last year of HK\$89.0 million. Interest capitalised for the Year was HK\$4.5 million (2021: HK\$2.3 million). The increase in interest expenses was mainly due to the increase in average interest rate during the Year. The average interest rate over the year under review was 2.58% (2021: 1.29%), which was expressed as a percentage of total interest paid (excluding interest on lease liabilities) over the average total interest-bearing borrowings.

## Remuneration Policies

As at 31 December 2022, the Group employed a total of 498 staff (2021: 474 staff) including about 260 staff (2021: 236 staff) employed under the estate management company in Hong Kong and 8 staff (2021: 5 staff) in the United Kingdom.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance.

## **United Kingdom and Mainland China**

As at 31 December 2022, the Group's investment properties (excluding properties occupied for own use) in the United Kingdom with carrying amount of GBP717.2 million (equivalent to approximately HK\$6,746.3 million) (2021: GBP645.8 million (equivalent to approximately HK\$6,799.6 million)) incurred a net profit of HK\$468.3 million (2021: net loss of HK\$843.8 million) to the Group for the Year, the profit mainly included in gross profit, other income, fair value changes on investment properties, administrative expenses, finance costs and taxation. Due to depreciation of GBP against HK\$ during the Year, GBP exchange loss of foreign operations included in other comprehensive expenses for the Year amounted to HK\$484.0 million (2021: HK\$30.0 million). As at 31 December 2022, the Group's net investment in the United Kingdom amounted to HK\$4,570.9 million (2021: HK\$4,226.4 million) representing 32.6% (2021: 29.4%) of the Group's total equity.

Loss incurred by the Group's investment in Mainland China (mainly included in fair value changes on investment properties, administrative expenses, other gains and losses and taxation (2021: also included share of results of investments accounted for using the equity method)) for the Year amounted to HK\$28.8 million (2021: HK\$135.7 million). Due to depreciation of Renminbi ("RMB") against HK\$ during the Year, RMB exchange loss of foreign operations (2021: also included share of investments accounted for using the equity method) included in other comprehensive expenses for the Year amounted to HK\$15.4 million (2021: exchange gain of HK\$11.9 million). The Group's net investment in Mainland China as at 31 December 2022 amounted to HK\$200.8 million (2021: HK\$392.5 million) representing 1.4% (2021: 2.7%) of the Group's total equity.

## **Property Valuation**

As at 31 December 2022, property valuations in respect of the Group's investment properties in Hong Kong and Mainland China were carried out by B.I. Appraisals, while the investment properties in the United Kingdom were carried out by LCH (Asia-Pacific), both are independent qualified professional property valuers (2021: investment properties in Hong Kong, Mainland China and one of the investment properties in the United Kingdom were carried out by LCH (Asia-Pacific), for the remaining investment properties in the United Kingdom were carried out by Peak Vision Appraisals Limited, both are independent qualified professional property valuers). The valuations were based on investment method and/or direct comparison method and/or residual method as the valuation methodologies and were used in preparing 2022 final results.

The Group's investment properties were valued at HK\$13,396.7 million (including those presented as assets classified as held for sale) (2021: HK\$13,292.2 million), an increase of 4.1% over 2021 after adjusted for the additions and exchange adjustments of investment properties during the Year. The increase in fair value of HK\$528.5 million was recognised in the consolidated statement of comprehensive income for the Year. The Group also shared a decrease in fair value of investment properties of associates of HK\$4.2 million for the Year.

The increase in fair value of HK\$528.5 million was mainly derived from the increase in fair value of investment properties located in the United Kingdom and a redevelopment property located in Hong Kong. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

## **FINANCIAL INFORMATION**

The financial information in this announcement does not constitute the Group's consolidated financial statements for the Year, but represents an extract from those consolidated financial statements. The final results of the Group for the Year have been reviewed by the Audit Committee of the Company.

## **Scope of work of HLB Hodgson Impey Cheng Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **BUSINESS REVIEW**

### **Hong Kong Property Investment and Development**

Rentals from investment properties continued to be one of the major sources of our income.

As at 31 December 2022, the occupancy rate of the shops of Causeway Place in Causeway Bay was approximately 95.62%.

Olympian City 3 (25% interest), the retail mall in The Hermitage residences in West Kowloon, the occupancy rate was approximately 98.56% as at 31 December 2022.

Coronation Circle (15% interest), the retail mall in The Coronation residences in West Kowloon, the average occupancy rate was approximately 42.04% during the Year.

During the Year, the average occupancy rate of the Group's office property, Harcourt House in Wanchai was approximately 70.91%.

Nos. 14-18 Ma Kok Street is an industrial site in Tsuen Wan. It will be redeveloped into a 25-storey industrial building (including 2 basement levels for parking and loading/unloading facilities). Its total gross floor area is approximately 228,001 square feet. Construction of the new development is currently underway, with the main contract works (basement and superstructure) commenced in December 2022. The new building is expected to be completed by early 2025 and presale of the industrial units is rescheduled to the first quarter of 2023.

Nos. 86 and 88 Apliu Street is a 25-storey residential-cum-commercial building in Sham Shui Po with total gross floor area of approximately 17,714 square feet. As at 31 December 2022, retail portion at ground floor was let while other floors were vacant. Alterations and additions works for reinstatement and refurbishment of the property other than retail portion at ground floor are in progress and expected to be completed in around the first quarter of 2024.

No. 1 Hung To Road (33.33% interest), a 33-storey industrial building in Kwun Tong, the occupancy rate was approximately 98.03% as at 31 December 2022.

Grand Central (10% interest) is a joint venture development project of the Group in Kwun Tong awarded by the Urban Renewal Authority, with a total gross floor area of around 1,853,561 square feet. It comprises two phases with 4 residential tower blocks and provides 1,999 residential units in aggregate. Up to 31 December 2022, 978 units of first phase and 935 units of second phase were sold and completed.

### **Mainland China Property Investment**

Hilton Beijing (50% interest), a five-star international hotel having 506 rooms. The renovation works of 5th to 14th Floors of the main tower still remain suspended due to COVID-19 pandemic. Its average occupancy rate was approximately 24.90% during the Year due to the renovation works and the pandemic.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing. As at 31 December 2022, the occupancy rate was approximately 85.54%.

### **Overseas Property Investment and Development**

"120 Fleet Street" consists of a freehold office building known as River Court and the Grade II\* listed Daily Express Building, situated at 116-129 Fleet Street, London, United Kingdom. It provides a total net internal area of approximately 429,980 square feet, together with certain car parking spaces. As at 31 December 2022, the retail portion and the office accommodation of River Court were vacant. Demolition works of River Court are in progress. River Court will be redeveloped into a 21-storey high rise Grade A office led, mixed use building with 2 basement levels, and is expected to comprise approximately 540,800 square feet of office space and approximately 18,600 square feet of retail space and will be renamed as Evergo Tower, while Daily Express Building will be retained and refurbished. The project is expected to be completed in the first half of 2026.

“14 St George Street” is a freehold office building located in London, United Kingdom with total net internal area of around 51,861 square feet. Office accommodation is arranged over lower ground, ground and four upper floors. Its average occupancy rate during the Year was approximately 86.48%.

“61-67 Oxford Street and 11-14 Soho Street” is a mixed use freehold building located in London, United Kingdom, comprising approximately 55,151 square feet in aggregate. The building provides retails, office and residential accommodation, occupying approximately 33,843 square feet, 13,694 square feet and 7,614 square feet respectively, over lower ground, ground and six upper floors. As at 31 December 2022, the occupancy rate was approximately 88.86%.

“11 and 12 St James’s Square and 14 to 17 Ormond Yard” is a mixed use freehold building located in London, United Kingdom. Its total net internal area is around 82,374 square feet. Office accommodation is arranged over lower ground, ground and six upper floors. The occupancy rate was approximately 83.12% during the Year on average. Upgrading works to part of the office spaces will commence once the relevant government approval is granted.

## **Securities Investment**

Securities investment is one of the principal activities of the Group.

The Group’s strategy is to maintain securities investment portfolio for treasury management. As at 31 December 2022, the Group’s securities investment portfolio comprised of bonds, listed equity investments and treasury products. The Group’s primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders of the Company. The Group’s strategy for future investments is to invest in a diversified portfolio to minimise risks with attractive yield, good liquidity and issuers from reputable entities, so as to maintain a healthy financial status and grasp every good investment chance.

The net loss recognised from securities investments and treasury products for the Year was approximately HK\$274.0 million. Details of the performance of securities investments are disclosed in the “Financial Operation Review” of this announcement.

The Group will continue to closely monitor its portfolio of securities investment to achieve satisfactory returns.

## **OTHER INFORMATION**

### **Leasing of Windsor House - Connected Transactions and Continuing Connected Transactions**

On 28 March 2022, the Group (as tenant) entered into (i) a new tenancy agreement in relation to the leasing of Room 3602 on the 36th floor of Chubb Tower, Windsor House; and (ii) a renewal tenancy agreement in relation to the renewal of the leasing of the whole of 19th floor, the whole of 20th floor and the whole of 21st floor of Chubb Tower, Windsor House with a company at that time indirectly wholly owned by Ms. Chan, Hoi-wan (an Executive Director, the chief executive officer of the Company and a trustee of the substantial shareholders of the Company (who are her minor children)) as trustee for her minor children (as landlord) (the “Transactions”), in connection with the sale of Nos. 14-18 Ma Kok Street redevelopment project in Tsuen Wan and for the purpose of headquarter of the Group respectively. The Transactions constituted connected transactions and continuing connected transactions for the Company under the Listing Rules as more described in the Company’s announcement and supplemental announcement dated 28 March 2022 and 30 March 2022 respectively.

### **Forfeiture of Unclaimed Dividends**

As announced on 3 October 2022, all dividends declared on or before 30 August 2016 remaining unclaimed on 2 November 2022 be forfeited and reverted to the Company.

## **Mandate for Disposal(s) of Shares in China Evergrande Group**

As disclosed on page 15 of the Company's 2021 annual report, the Company had on 23 September 2021 sought and obtained the written shareholders' approval in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules for the grant of a mandate to the Directors to dispose of all or part of the shares in China Evergrande Group (the shares of which are listed on the Stock Exchange (stock code: 3333)) ("China Evergrande") (the "Disposal Mandate") held by the Group in the open market of the Stock Exchange or through block trade(s) subject to a minimum selling price of HK\$0.01 per share (excluding transaction cost) in one or series of transactions during a period of 12 months from 23 September 2021 to 22 September 2022 (the "Mandate Period"). During the Year and within the Mandate Period, the Group has disposed of certain shares of China Evergrande in the open market of the Stock Exchange pursuant to the Disposal Mandate.

## **PROSPECTS**

After a prolonged period of disruptions and uncertainties, as enters into 2023, the global economic outlook is less gloomy than previously expected and is likely to improve in 2023, despite the continued uncertainties like geopolitical turmoil, surging inflation, pandemic disruptions, monetary policy tightening etc.

Hong Kong economy has shown some positive signs as the border re-open, the relaxation of pandemic control measures as well as the removal of quarantine restrictions. The revival of inbound tourism paves the way for rebound in local economic activities. We anticipated that the normalisation will boost the Group's rental activities and leasing momentum in 2023 will be accelerated.

For the industrial market on local front, given the gradually improved external environment, it is anticipated that overall trading activities will be resumed and increased. We believe the forthcoming launch and presale of our redeveloped industrial building in Tsuen Wan could be benefited from this resurgence momentum.

In the United Kingdom, the Group will continue to devote manpower and resources to its "120 Fleet Street" flagship redevelopment project. Located in the central business district of London, "120 Fleet Street" consists of the commercial building River Court, which will be renamed as Evergo Tower, and the historical Daily Express Building. Through the project, the Group strives to achieve exceptionally high standard of environmental sustainability and develop a business platform with art and commerce thriving in unison. In view of the pioneer design and the new feature of the redevelopment, the Group looks forward to attracting top grade international financial corporations and first tier professional firms to occupy the office floors.

After a turbulent year, we anticipate the equity market has rebound potential in 2023. However, as risk factors such as pandemic, geopolitical tensions, elevated inflation, interest rate hike etc. are still present, we would carefully watch these mutually reinforcing shocks and in the meantime, watch for opportunities in value stocks which bring stable income and returns.

For the year ahead, both challenges and opportunities coexist. The Group will continue to manage its business and investment portfolios with cautiously optimistic stance amidst economic uncertainties.

## **CORPORATE GOVERNANCE**

Throughout the Year, the Company had applied the principles and complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except the following deviations:-

### **Code Provision C.1.6**

#### **– Non-executive Director Attending General Meeting**

Ms. Amy Lau, Yuk-wai, a Non-executive Director, was unable to attend the annual general meeting of the Company held on 20 May 2022 ("2022 AGM") as she was not in Hong Kong on that day.

**Code Provision B.2.4(a)****– Disclosure of Length of Tenure of Independent Non-executive Directors (“INED(s)”) Who Served More Than Nine Years**

The Company had disclosed the length of tenure of each existing INED (all of them have served more than nine years on the Board) on a named basis in a supplemental announcement of the Company dated 4 May 2022 instead of in the circular to shareholders accompanying the notice of 2022 AGM (the “Circular”).

Since all the INEDs are not required to retire from office and be re-elected as Directors at 2022 AGM, as such, the Company has omitted to disclose the length of tenure of each INED on a named basis in the Circular.

**BOARD OF DIRECTORS**

Pursuant to the Code Provision B.2.4(b) of the CG Code, since all the INEDs have served more than nine years on the Board, the Company should appoint a new INED at forthcoming annual general meeting of the Company.

As disclosed in another announcement of the Company published on the even date, the Board has appointed Mr. Leung, Yun-fai as an INED, and a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee of the Company respectively with effect from 10 March 2023.

**MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “Model Code”). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code and the said code of conduct during the Year.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees (the “Relevant Employees”) who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group’s securities had been requested to follow such code when dealing in the securities of the Company. All the Relevant Employees, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the said code during the Year.

**PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

**PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS AND ADOPTION OF THE AMENDED AND RESTATED BYE-LAWS**

The Board proposes to amend the existing bye-laws of the Company (the “Existing Bye-laws”) for the purposes of, among others, (i) bringing the Existing Bye-laws in line with the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules; (ii) allowing a general meeting to be held as a hybrid meeting or an electronic meeting in addition to a physical meeting, and the participants of which to attend, participate and vote by electronic means; and (iii) making certain housekeeping amendments for the purpose of clarifying existing practice and making consequential amendments to be in line with the amendments to the Existing Bye-laws (collectively, the “Proposed Amendments”). The Board also proposes to adopt the amended and restated bye-laws in substitution for, and to the exclusion of, the Existing Bye-laws.

The Proposed Amendments and adoption of the amended and restated bye-laws shall be subject to the passing of a special resolution by the shareholders of the Company at the 2023 AGM, and, if approved, will become effective upon such approval.

A circular containing, among others, details of the Proposed Amendments and adoption of the amended and restated bye-laws, together with a notice convening 2023 AGM will be despatched to the Company's shareholders as soon as practicable.

## APPRECIATION

2022 is the Group's 100th Anniversary. We would like to take this opportunity to express our gratitude to the shareholders for their continuing support and would also like to express our sincere thanks to all staff members for their dedication and hard work for overcoming the Group's every challenging moments. We believe that through the hand-in-hand efforts between the management and our staff, together with the support from our shareholders, the Group will turn into a new brilliant chapter of our development.

On behalf of the Board  
**Lau, Ming-wai**  
Chairman

Hong Kong, 10 March 2023

*As at the date of this announcement (before the appointment of Mr. Leung, Yun-fai as an Independent Non-executive Director), the Board comprised Ms. Chan, Hoi-wan, Ms. Chan, Lok-wan and Mr. Lam, Kwong-wai as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.*

Website: <https://www.chineseestates.com>

*This results announcement is published on the website of the Company ( <https://www.chineseestates.com> ) and the HKEXnews website ( <https://www.hkexnews.hk> ).*

*Results Highlights will also be posted on the Company's website on 10 March 2023.*