NGBOARD HOLDINGS LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kwok Wing (Chairman)
Mr. Chang Wing Yiu (Managing Director)
Mr. Cheung Kwong Kwan
Mr. Ho Yin Sang
Mr. Cheung Ka Shing
Ms. Ho Kin Fan
Mr. Chen Maosheng

Independent Non-Executive Directors

Mr. Cheung Ming Man
Dr. Chong Kin Ki
Mr. Chan Wing Kee
Mr. Stanley Chung Wai Cheong

COMPANY SECRETARY

Mr. Lo Ka Leong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

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FINANCIAL HIGHLIGHTS

			FY 2021 Z g Z S Ë Ì A Ë HK$'million õ ¬ ¥ ©	Change
		[redacted]		
Revenue	8 X	[redacted]	56,755.3	-13%
EBITDA*	J Ô ð ; ¹ e ü ° e ± ¿ Å V Ã ® ;*	[redacted]	17,559.9	-46%
Profit before tax*	ð ü Ã P ;*	[redacted]	15,338.1	-54%
Net profit attributable to owners of the Company	I ® ! 5 Þ [Ð & q ;	[redacted]		
– Underlying net profit*	Ñ ? I q ;*	[redacted]	10,565.4	-63%
– Reported net profit	Ñ * & q ;	[redacted]	10,778.0	-66%
Basic earnings per share	Ê p ? I ® ;	[redacted]		
– Based on underlying net profit*	Ñ ø ? I q ; Q*	[redacted]	HK$9.537 9.537 ¥ ©	-63%
– Based on reported net profit	Ñ ø * & q ; Q	[redacted]	HK$9.729 9.729 ¥ ©	-66%
Dividend per share for the year	Ê p Œ Ë p ¹	[redacted]	HK300 cents 300 ¥	-65%
– Interim dividend per share	Ñ Ê p • , p ¹	[redacted]	HK56 cents 56 ¥	-46%
– Proposed final dividend per share	Ñ D Ê p K , p ¹	[redacted]	HK244 cents 244 ¥	-69%
		[redacted]		
Net asset value per share	Ê p * =	[redacted]	HK$56.8 56.8 ¥ ©	-5%
Net gearing	À â	[redacted]	19%	

* Excluding:

(1) In 2022, loss on fair value changes of investment properties with gross amount of HK$147.6 million, net amount of HK$114.8 million after share by non-controlling shareholders and deferred tax (2021: Gain on fair value changes of investment properties with gross amount of HK$14.4 million, net amount of HK$10.8 million after share by non-controlling shareholders and deferred tax).

(2) In 2022, share-based payments with gross amount of HK$125.3 million, net amount of HK$112.7 million after share of non-controlling shareholders (2021: Nil).

(3) In 2021, gain on disposal of a subsidiary with gross amount of HK$224.2 million, net amount of HK$201.8 million after tax (2022: Nil).

Non-GAAP financial measures adopted for illustrating the changes and effect resulting from operation of business activities only

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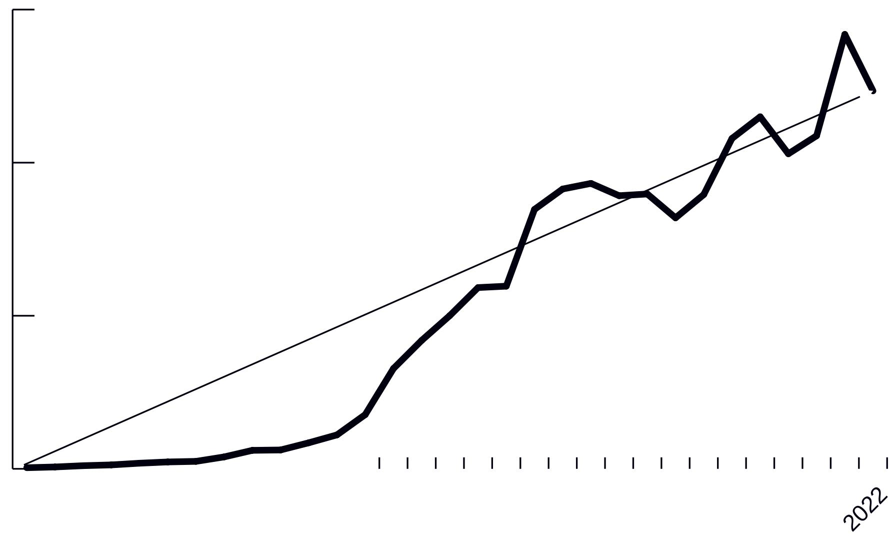

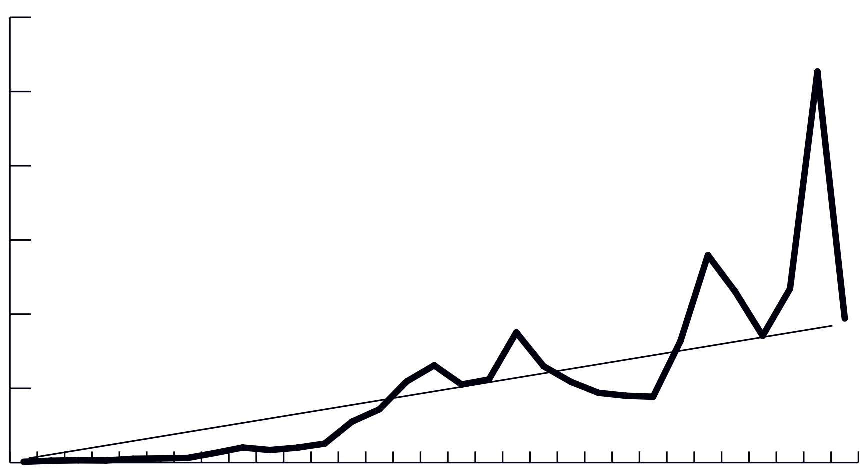

* Excluding non-recurring items.

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BUSINESS REVIEW

On behalf of the board of directors (the “Board”), I am delighted to report the full-year results of Kingboard Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2022 (the “Period”). The Group encountered multiple headwinds during 2022, including the Russia-Ukraine war and other geopolitical clashes, sporadic COVID-19 outbreaks in China, in particular the wave that hit Shanghai in the second quarter, as well as the global interest rate hikes and inflation, bringing impacts on most industries. Faced with these complex market challenges, despite the soft market conditions and high costs, the Group has worked hard to strengthen its competitive advantage built on a vertical value chain and diversified business portfolio, enabling it to deliver an underlying net profit of over HK$3.8 billion.

During the Period, the Group recorded a decline in both laminate sales and unit prices, with chemical product prices also dropping from peak levels. Revenue of the Group therefore decreased 13% compared with the same period last year, to HK$49,375.9 million. A provision was made for inventory impairment in light of lower stock turnover rates and falling unit prices of laminates and its upstream materials in the first two months of 2023. Taking into account this inventory impairment, and the provision of HK$1,530.1 million (net of the share attributable to non-controlling shareholders) made for credit impairment of the Group’s bond investments, underlying profit attributable to owners of the Company (excluding non-recurrent items) declined 63% to HK$3,882.7 million.

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The Group continued to maintain a robust financial position. The Board has therefore proposed a final dividend of HK75 cents per share, subject to approval by shareholders of the Company.

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Turnover Breakdown by Products * Ü 8 X ± 1

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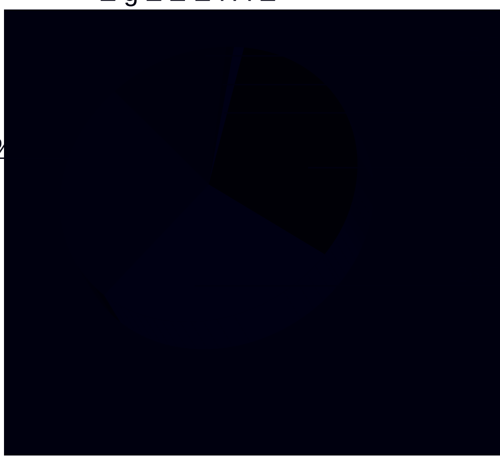

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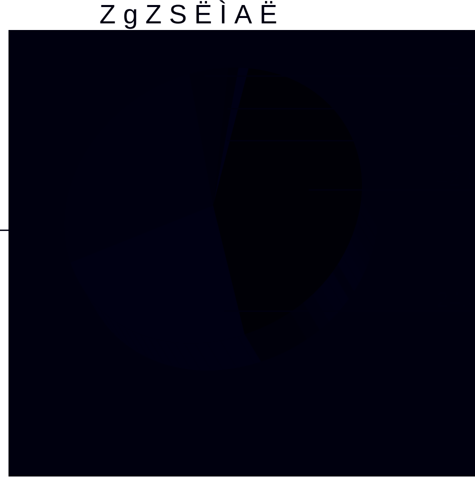

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PERFORMANCE

Laminates Division: Amid an under-supply of laminates and upstream materials in 2021, industry participants responded by investing in capacity expansion, albeit to varying degrees. This supply expansion coincided with a demand shrinkage in the electronics industry during the Period, and thus the Group's annual laminate sales were down by 23% as compared to 2021, to 96 million sheets. The Laminates Division has nevertheless forged ahead with active market expansion, with satisfactory progress achieved in terms of product portfolio enhancement. As a result, high-end and high-value-added product sales have achieved significant proportional growth. With improvements made to certain laminate products, the Group was able to fulfil more sophisticated client requirements while yielding better price-performance, thus gaining strong recognition from clients. In the face of the challenges brought by commodity, energy and transportation cost hikes, the Group's experienced management team has worked hard to raise production efficiency and lower energy consumption through technical enhancements. With a higher level of automation employed in production, the Group was also able to achieve savings in labour expenses, thus helping to cushion the pressure of cost increases. However, a provision was made for inventory impairment in light of lower stock turnover rates and falling unit prices of laminates and upstream materials in the first two months of 2023. Segment revenue (including inter-segment sales) decreased by 32% to HK$19,938.6 million. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 66% to HK$3,119.6 million.

PCBs Division: The Division has continued to make forays into different market segments, including automobile, telecommunications and consumer electronics, helping to stabilise sales amid declines in market demand. The Division's revenue decreased slightly by 3% to HK$13,183.7 million. The PCBs segment has brought in high-calibre management and technical talents, while investing in state-of-the-art machinery and forging highly automated production lines. By constantly seeking room for improvement in the technical aspects and overcoming industry-wide obstacles one after another, the Division achieved meaningful progress towards advanced PCBs, thus moving towards a higher-value-added product portfolio. Putting the market and efficiency as the primary considerations, the PCBs Division adopted a modern manufacturing execution system ("MES"), and introduced precise quality tracing and analysis throughout the entire process to drive production efficiency and product quality enhancements. Despite a high rate of inflation, the management team was able to raise cost efficiency by continuing to improve production technologies and raise the level of automation. EBITDA therefore showed only a mild decrease of 2% to HK$1,726 million.

Chemicals Division: Prices of chemical products dropped during the Period and affected the overall performance of the Chemicals Division. Segment revenue (including inter-segment sales) decreased by 15% to HK$13,893.4 million, and following an oil price hike, raw materials consumed by the Division saw a general price surge, bringing EBITDA down by 36% to HK$2,804 million.

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Property Division: Amid an increased delivery of residential properties during the Period, revenue derived from property sales increased 3.2 times to HK$4,970.8 million. Rental income also rose by 8% to HK$1,290.8 million as a result of an overall improvement in occupancy and the contribution of Two London Wall Place, a commercial building in London acquired by the Group in June 2022. Revenue of the Property Division went up by 164% to HK$6,261.6 million, with EBITDA also up by 101% to HK$3,060.9 million.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 31 December 2022, Group net current assets and current ratio (current assets divided by current liabilities) were HK$28,108.6 million (31 December 2021: HK$23,419.0 million) and 2.64 (31 December 2021: 1.87) respectively.

The net working capital cycle decreased to 50 days as at 31 December 2022 from 60 days as at 31 December 2021 on the following key metrics:

– Inventories, in terms of stock turnover days, were 35 days (31 December 2021: 38 days).

– Trade receivables, in terms of debtor turnover days, were 50 days (31 December 2021: 62 days).

– Trade and bills payable (excluding bills payable for property, plant and equipment), in terms of creditor turnover days, were 35 days (31 December 2021: 40 days).

The Group's net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was approximately 20% (31 December 2021: 19%). The proportion of short-term to long-term bank borrowings stood at 27%:73% (31 December 2021: 58%:42%). During the Period, the Group invested approximately HK$4.8 billion on new production capacity and HK$1.7 billion on property construction expenses. Leveraging on the management team's ample professional experience, the Group strongly believes these investments will create stable and solid returns for shareholders in the long run.

LIQUIDITY AND CAPITAL RESOURCES
(continued)

During the Period, the Group continued to adopt a prudent financial management policy, and did not enter into any material derivative financial instruments, nor did the Group have any material foreign exchange exposure during the Period. The Group's revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirements of its operating expenses. The Group maintains adequate financial resources in reserve to meet future market expansion needs. During the Period, Kingboard Laminates Holdings Limited (Stock Code: 1888), a subsidiary of the Group, successfully signed a 5-year sustainability-linked loan facility agreement with 14 major international and local banks. The syndicated facility received an overwhelming response from the market and was significantly oversubscribed. The final size of the loan came to HK$7 billion, reflecting the Group's efforts towards its sustainability goals, as well as the banking industry's trust and support of the Group's environmental, social and governance (ESG) work.

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HUMAN RESOURCES

As at 31 December 2022, the Group employed a global workforce of approximately 35,000 (31 December 2021: 36,000). Considering staff an important asset, the Group continues to adopt sound human resources management and planning which help drive satisfactory financial performance. In addition to offering competitive salary packages, the Group grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and employees' individual performance. Kingboard Management Academy established by the Group has actively nurtured mid-rank and senior management personnel over the years. Furthermore, the Group recruits and nurtures several hundred promising university graduates from mainland China, Hong Kong and Taiwan every year. The Group will continue to implement training to retain talents in a bid to gain renewed energy for long-term development and to drive the Group's continued growth.

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FINANCIAL GUARANTEES CONTRACTS/ CONTINGENT LIABILITIES

(a) The Group provided guarantees amounting to HK$556,851,000 (2021: HK$336,601,000) as at 31 December 2022 to facilitate mortgage bank loans applications of purchasers of the properties that were developed by the Group.

The guarantees are given to banks with respect to loans procured by the purchasers of properties that were developed by the Group. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of registration of the relevant mortgage properties. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at 31 December 2022 and 2021.

(b) On 3 August 2011, Annuity & Re Life Ltd (the “Petitioner”), the non-controlling shareholder of Kingboard Copper Foil Holdings Limited (“KBCF”), presented a petition in the Supreme Court of Bermuda (the “Petition”) in respect of KBCF against its controlling shareholders based on a complaint that the affairs of KBCF had been and/or were being conducted in a manner which was oppressive or unfairly prejudicial to the Petitioner.

The controlling shareholders of KBCF were eventually successful in defending the case following a favourable judgement by the Bermuda Court of Appeal dated 24 March 2017, Subsequently, the Petitioner filed an appeal with the Privy Council. Such appeal was withdrawn by the Petitioner following a settlement agreement reached by the Petitioner and the respondents in the Petition.

During the year ended 31 December 2019, the controlling shareholders of KBCF had purchased all of the remaining issued and outstanding ordinary shares in the capital of KBCF and KBCF has become a wholly-owned subsidiary of the KLHL.

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With the relaxation of pandemic prevention measures and virus transmission declining, both consumer and business confidence are picking up. The Group's various businesses are expected to show a positive trend. However, as the macro environment continues to be under the impact of shifting international relations and high inflation, the business sector will face even more complicated internal and external challenges. Cash flow management will thus remain a priority for the Group. Echoing the state's aim for peak carbon dioxide by 2030 and carbon neutrality by 2060, the Group is establishing solar photovoltaic power projects within its facilities in stages. It is expected that these projects will be able to recoup their costs within five years, while continuing to bring long-term benefits to the Group. Making use of the advanced and low-energy-consuming carbon capture technology developed by the School of Environment, Tsinghua University, the Hebei acetic acid project is designed to capture and recycle 200,000 tonnes of carbon dioxide per year, moving forward our pledge of being a green corporation. In line with the state's 2023 work priorities to drive green, high-end and high-technology industry development, the Group will carry through its strategy of maintaining a diversified and synergistic business portfolio, while deriving competitive advantage from its vertical production model. Strict cost control measures will be in place as the Group works to boost technological impetus and proactively deploy big data management to enhance operational efficiency. The Group will also continue to focus on research and development upgrades, safe production and improving environmental performance, in order to achieve high-quality and highly competitive development.

Laminates Division: The first two months of 2023 saw weak demand in the laminates market, but the resumption of economic activity is having a positive effect on the recovery of the consumer market, and is expected to move the laminates industry forward to a new growth cycle. The new laminates plant in Shaoguan, Guangdong Province, has been fully commissioned, adding capacities for the Group in strategic locations. Commanding a more extensive offering of laminate products, the Group will focus on the development of high-quality products, supported by further upgrades in thin, fire-retardant, high-frequency, high-speed, lead-free and halogen-free laminates. The Group will also further its collaboration with high-end clients to drive certification for the Group's products. During the year, the Group added monthly capacities of 4,200 tonnes of glass yarn and 1,050 tonnes of copper foil in Lianzhou, Guangdong Province. A capacity of 13 million metres of glass fabric was also added to Shaoguan, Guangdong Province. Further in the first half of 2023, an additional monthly capacity of 750 tonnes of copper foil will be introduced to the plant in Lianzhou, Guangdong Province. The quality of the Group's upstream materials is widely recognised by external clients, and strategic cooperation agreements have been signed with some of these upstream clients. The aforesaid expansion plan will serve the dual goal of driving external sales and earnings from upstream materials, and coping with internal business needs. New growth momentum will also be derived from plans to increase capacities for laminates and upstream materials in Thailand, with a view to supporting the Group's overseas expansion.

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Property Division: The Division will continue to adopt a prudent business strategy. Over the past four years, the Division has not replenished its land bank. It performed well in property pre-sales during Chinese New Year, and has launched its residential projects in eastern China as scheduled to expedite capital recycling. At the same time, driven by the following four factors, the Division's rental income will grow steadily: First, the lease-free period of the properties in the commercial development located near the Kunshan high-speed railway station in Jiangsu Province will expire consecutively. Second, the occupancy rate of Shanghai Kingboard Plaza Phase II has increased significantly. Third, the acquisition of a commercial tower, Two London Wall Place in London, the United Kingdom, in June 2022. Fourth, rental relief provided to tenants during the pandemic has ended consecutively, and will return to normal rates in 2023. Rental income in 2023 is thus expected to reach over HK$1,400 million. The Group now maintains an evenly located investment property portfolio in the United Kingdom, Hong Kong, and eastern and southern China, which will help in diversifying risks and continuously bring stable cash inflows to the Group.

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APPRECIATION

On behalf of the Board, I would like to thank our shareholders, clients, banks, the management and employees for their unreserved support to the Group during the Period.

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Cheung Kwok Wing
Chairman
Hong Kong, 27 March 2023

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DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

EXECUTIVE DIRECTORS

Mr. CHEUNG Kwok Wing, aged 67, BBS, JP, is the chairman and a co-founder of the Group. He was the chairman and a non-executive director of Elec & Eltek International Company Limited ("EEIC"), which is a subsidiary of the Company listed on Singapore Exchange Securities Trading Limited ("SGX") and dual-listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") until delisted on 25 September 2020 up to 1 August 2019. Mr. Cheung was the chairman and director of Kingboard Copper Foil Holdings Limited which is the subsidiary of the Company (listed on the SGX until delisted on 10 June 2019) up to 3 January 2012. Mr. Cheung is a director of Hallgain Management Limited, a substantial shareholder of the Company. Mr. Cheung is the uncle of Ms. Ho Kin Fan, the cousin of Mr. Cheung Kwong Kwan, the brother-in-law of Mr. Chang Wing Yiu and Mr. Ho Yin Sang and the father of Mr. Cheung Ka Shing. Mr. Cheung had over 13 years' experience in the sales and distribution of electronic components including laminates prior to the establishment of the Group. Mr. Cheung is responsible for the overall strategic planning of the Group and sets the general direction and goals for the Group. Mr. Cheung won the Young Industrialist Award of Hong Kong 1993, which was organized by the Federation of Hong Kong Industries ("FHKI") and was described as "far-sighted, enterprising, and having insight in the business". Mr. Cheung was the winner of the DHL/SCMP Hong Kong Business Award, accredited with the Owner-Operator Award in 2006. In 2011, Mr. Cheung was awarded the Honorary University Fellowships of The University of Hong Kong. Since 2013, Mr. Cheung was appointed as a member of the National Committee of the Chinese People's Political Consultative Conference of The People's Republic of China. In 2017, Mr. Cheung was awarded the Bronze Bauhinia Star in Hong Kong Special Administrative Region. In 2021, Mr. Cheung was awarded the 2021 Industrialist of the Year Award by FHKI and the Leader of the year 2020, winner of category of "Commence & Industry/Finance" by Singtao Post.

Mr. CHANG Wing Yiu, aged 56, is the managing director of the Group. He is the brother-in-law of Mr. Cheung Kwok Wing, the uncle-in-law of Ms. Ho Kin Fan and Mr. Cheung Ka Shing. He joined the Group in 1989 and has over 33 years' experience in laminates production. Mr. Chang graduated from the Hong Kong Polytechnic University with a higher diploma in marine electronics. He is responsible for the Group's phenol/acetone plant in Yangzhou, Jiangsu province and in Huizhou, Guangdong province. He was re-designated from a non-executive director to an executive director of EEIC with effect from 1 August 2014.

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EXECUTIVE DIRECTORS(continued)

Mr. CHEUNG Kwong Kwan, aged 58, J.P., is an executive director of KHL and the president of South China Chemical Department. is the cousin of Mr. Cheung Kwok Wing and the uncle of Ms. Ho Kin Fan and Mr. Cheung Ka Shing. He joined the Group in 1988 and has been working in the PCB industry since 1984 with particularly extensive experience in marketing components and materials required for PCB production. Mr. Cheung is responsible for the Group's chemical business operations and property developments in southern China. He obtained the 16th World Outstanding Chinese Award in August 2018. He was appointed as a Justice of the Peace by the Hong Kong Special Administrative Region in 2020 and was honored as a member of the Standing Committee and the deputy director of the Hong Kong, Macao and Taiwan Commission of the 13th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference in January 2023.

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Mr. HO Yin Sang, aged 68, is the father of Ms. Ho Kin Fan, the brother-in-law of Mr. Cheung Kwok Wing and the uncle-in-law of Mr. Cheung Ka Shing. He joined the Group in 1989 and is responsible for the Group's chemical business operations in Hebei province.

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Mr. CHEUNG Ka Shing, aged 35, was appointed as an executive Director with effect from 1 August 2014. He joined the Group in 2009 and is responsible for the property development business of the Group in eastern China. Mr. Cheung obtained his Bachelor of Science degree in the study of Management with International Business at the University of London in 2009. Mr. Cheung is the son of Mr. Cheung Kwok Wing, the cousin of Ms. Ho Kin Fan and the nephew of Mr. Cheung Kwong Kwan and nephew-in-law of Mr. Chang Wing Yiu and Mr. Ho Yin Sang.

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Ms. Ho Kin Fan, aged 44, was appointed as an executive Director on 1 October 2021. She joined the Group in 2006 and she is responsible for the Group's PCB plants in Huizhou, Qingyuan and Dongguan, Guangdong province and has over 11 years' experience in PCB business. She is the daughter of Mr. Ho Yin Sang, niece of Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu and Mr. Cheung Kwong Kwan and the cousin of Mr. Cheung Ka Shing.

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Mr. CHEN Maosheng, aged 59, was appointed as an executive Director on 11 January 2011. He joined the Group in 1996 and is currently the chief financial controller of the Group in the People's Republic of China ("PRC"). He is responsible for the management of the finance and tax matters of the Group in the PRC. Prior to joining the Group, he worked with the finance and economics department of the government of the PRC for 12 years. Mr. Chen graduated from Jiangxi Finance and Economics University (formerly known as Jiangxi Finance and Economics Institution) in 1990. He is an accountant certified by the finance department of the government of the PRC.

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INDEPENDENT NON-EXECUTIVE DIRECTORS

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Mr. CHEUNG Ming Man, aged 66, was appointed as an independent non-executive director of the Company with effect from 1 November 2015. Mr. Cheung is also the chairman of the nomination committee of the Company, and a member of the audit committee and remuneration committee of the Company. Mr. Cheung has extensive experience in the performance and cultural sector. Mr. Cheung participated in a number of community associations, including the Hong Kong Chinese Importers' & Exporters' Association (Vice Honorary Secretary); The Hong Kong Special Administrative Region Election Committee (First, Second and Third Election Committee Member); Deputy of the National People's Congress of PRC Election Committee (Ninth, Tenth and Eleventh Election Committee Member) and was awarded the Bronze Bauhinia Star in 2010. Mr. Cheung was elected as the Hong Kong deputy to the 12th National People's Congress in December 2012. Mr. Cheung was an independent non-executive director of Mei Ah Entertainment Group Limited (stock code: 00391), a company listed on the Stock Exchange of Hong Kong Limited.

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Dr. CHONG Kin Ki, aged 67, was appointed as independent non-executive director of the Company on 1 July 2016. Dr. Chong is also the chairman of the remuneration committee of the Company, and a member of the audit committee and nomination committee of the Company. Dr. Chong obtained a Bachelor of Medicine and Bachelor of Surgery from the University of Hong Kong in 1980. He became a Fellow of the Royal College of Surgeons of Edinburgh in 1984, a Foundation Fellow of the Hong Kong Academy of Medicine in 1993, a Foundation Fellow of the Hong Kong College of Surgeons in 1993. Dr. Chong has been a private medical practitioner since 1989 and become a Registered Specialist in General Surgery since 1993.

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Mr. CHAN Wing Kee, GBM, GBS, OBE, JP, aged 76, was appointed as

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INDEPENDENT NON-EXECUTIVE DIRECTORS

(continued)

Mr. Stanley Chung Wai Cheong, aged 53, was appointed as independent non-executive director of the Company on 31 October 2020. Mr. Chung is also the chairman of the audit committee of the Company, and a member of the nomination committee and remuneration committee of the Company. Mr. Chung graduated with a Bachelor of Commerce Degree from the University of Melbourne in 1993. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a certified practicing accountant of CPA Australia. Mr. Chung possesses over 26 years' experience in accounting and financial management. He had also served as the financial controller for a number of listed companies in Hong Kong between 1997 and 2010, and as the Chief Financial Officer in Asia for both private and public multinational companies over the past decade. He is currently the General Manager and Regional Finance Director of AMI Hong Kong Holdco Limited. Mr. Chung was appointed as the financial controller and company secretary of the Company from 1997 to 2001, and as an independent non-executive director of Elec & Eltek International Company Limited, a subsidiary of the Company, from 2011 to 12 October 2020.

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SENIOR MANAGEMENT

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Mr. LO Ka Leong, aged 49, the Company Secretary, joined the Group in May 1999. Prior to that, he was an accountant at an international accounting firm. Mr. Lo is a fellow member of Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's Degree in Professional Accountancy from The Chinese University of Hong Kong. He is in charge of the company secretarial work of the Group. He is a non-executive director of KLHL, a 73.76% owned subsidiary listed on the main board of the Stock Exchange. Mr. Lo has taken no less than 15 hours of relevant professional training during the year ended 31 December 2022 in accordance with Rule 3.29 of the Listing Rules.

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The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, an associate and joint ventures are set out in Notes 46, 19 and 20 respectively to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2022 can be found in the section headed "Chairman's Statement" of this annual report, which forms part of this Directors' Report.

Principal Risks and Uncertainties

The Group is exposed to various risks and uncertainties which are specific to the Group and/or the industries in which the Group operates. These risks may materially affect the Group's business operations, financial condition, results of operations and business prospects. The Group has identified the key risks and uncertainties as follows:

Product defects

The products of the Group may contain defects that can only be detected when the electronics systems into which they are incorporated are in use. The Group could be exposed to significant liability claims in the event that its products are found to be defective. While the Group has implemented sound systems to monitor its products at various stages of its production processes, no assurance can be given that the Group's products are free of defects. Any significant liability claims could have an adverse impact on the results of operations and reputation of the Group.

Customer contracts

The Group typically enters into one-off purchase orders with its customers. As such, the amount of purchase orders may vary significantly from time to time, and it is difficult to forecast the amount of orders to be received by the Group in the future. No assurance can be given that the Group's customers will

BUSINESS REVIEW (continued)

Principal Risks and Uncertainties (continued)

Recent global market fluctuations and economic conditions

The recent global market fluctuations and economic conditions have adversely affected economies and businesses around the world. A slowdown in the global economy, in particular, the PRC economy, and the impact of COVID-19 could lead to a reduction in demand for the Group's products and may materially and adversely affect its business operations, financial condition and results of operations.

The risks and uncertainties stated above are not meant to be exhaustive. There may be other risks or uncertainties that are not known to the Group or which may not be material now but could turn out to be material in the future.

Environmental Policies and Performance

The Group is committed to achieving environmental sustainability. The Group

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BUSINESS REVIEW (continued)

Key Relationships with Stakeholders

The Company understands the importance of maintaining a good relationship with its employees, customers and suppliers in order to operate in a sustainable manner and to meet its immediate and long-term goals.

The Company strongly believes that employees are its most important and valuable assets. In order to recognise the performance of and provide incentives for its employees, the Group reviews its policies on remuneration and benefits for its employees regularly to ensure that they are in line with the market standard. The Group reviews and improves catering, residence and recreational facilities and services to provide a pleasant living environment to the employees regularly. The Group organises various recreational activities for its staff to participate to maintain a close relationship with its employees.

The Company maintains sound relationships with its customers and suppliers which enable the Group to foster long term business benefits. The Directors and senior management of the Company endeavours to exchange business ideas and updates of the Group with its customers and suppliers from time to time. To maintain its competitiveness, the Group aims to deliver high quality of products and services to its customers.

During the year, there was no material and significant dispute between the Group and its employees, customers or suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss on page 75.

An interim dividend of HK30 cents per ordinary share amounting to HK$332,637,000 in aggregate was declared to the shareholders of the Company (the "Shareholders") during the year. The directors recommend the payment of a final dividend of HK75 cents per ordinary share to the Shareholders on the register of members of the Company on 20 June 2023, being the record date for determining the entitlement of the Shareholders to the proposed final dividend, amounting to HK$831,594,000 in aggregate, and the retention of the remaining profit in the Company.

For the final dividend in respect of year ended 31 December 2022 proposed by the Directors and subject to the approval by the Shareholders in the forthcoming annual general meeting, please refer to Note 12 to the consolidated financial statements.

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DIVIDEND POLICY

The Company has a dividend policy, the objective of which is to allow the Shareholders to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. The declaration, form, frequency and amount of dividend paid by the Company must be in accordance with relevant laws and regulations and subject to the articles of association of the Company. In deciding whether to declare any dividend, the Board will take into account a number of factors, including the financial results, the distributable reserves, the operations and liquidity requirements, and the current and future development plans of the Company. The Board will review the dividend policy of the Company as appropriate from time to time.

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INVESTMENT PROPERTIES

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Details of the movements in investment properties of the Group during the year are set out in Note 14 to the consolidated financial statements.

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INVESTMENTS

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As at 31 December 2022, the Group held in aggregate HK$7,171 million (2021: HK$9,577 million) investments in securities instruments, representing approximately 7% (2021: 9%) of the total assets of the Group as at 31 December 2022. These securities investment consist of mostly shares listed on Main Board of the Stock Exchange and bonds issued mainly by companies listed on the Main Board of the Stock Exchange. The Group acquired these securities instruments through on-market purchases. The Group will from time to time monitor the price movement of prices in securities and bonds and may adjust its investment portfolio as and when appropriate.

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INVESTMENTS (continued)

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The following table sets out the securities investments held by the Group in respect of the same issuer which the Group considers to be relatively significant as at 31 December 2022. None of the value of the following (or any other) securities investments of the Company, on a standalone or (where applicable) aggregate basis reached 5% or more of the total assets of the Company as of the end of the reporting period:

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Name of investments	Number of bond held	% of bonds held	Investment cost	Fair value as at 31 December 2022	% to the Group's total assets	Bond interest for the year	*Accumulated fair value loss up to 31 December 2022
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INVESTMENTS (continued)

Guangzhou R&F Properties Co., Ltd (stock code: 2777) ("GRFP") is principally engaged in the properties sector.

Based on the announcements of GRFP dated 17 June 2022, 30 June 2022, 11 July 2022 and 14 July 2022, GRFP conducted the Consent Solicitations in June 2022 to seek waivers of existing and potential consequential Defaults or Events of Default under the Notes and to extend its debt maturity profile. GRFP offered Eligible Holders of each Series of the Notes an opportunity to consent to, among others, the extension of the maturity date of such Series of the Notes, which will allow GRFP to improve its overall financial condition and maintain a sustainable capital structure. In July 2022, GRFP completed the above debt restructuring scheme.

During the reporting period, the Group's above GRFP debt instruments at fair value through other comprehensive income portfolio generated interest income amounting to HK$60,890,000. During the period, the Group did not acquire or sell the above GRFP debts instruments at fair value through other comprehensive income.

According to above announcements, GRFP were not able to pay the bond interests due to its adverse financial condition. The Group had performed an impairment assessment on the debt instruments held under the lifetime expected credit loss ("ECL") model. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. The measurement of ECL is a function of the probability of default and loss given default (i.e. the magnitude of the loss if there is a default), with the assessment of the probability of default and loss given default being based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining ECL on the Group's debt instruments for the period, the management had taken into accounts factors including the defaults of the bond issuer in making payments of interest and principal for its indebtedness, and forward-looking information including the future macroeconomic conditions at places where the bond issuer is operating.

INVESTMENTS (continued)

The Group recognised impairment loss in profit or loss under ECL model of HK$1,579,000,000 on the above GRFP debt instruments at fair value through other comprehensive income by reference to exposures at default, recovery rate and adjustments for forward looking information.

Based on the announcements of GRFP dated 17 June 2022, 30 June 2022 and 11 July 2022: (i) The Group A Notes consisting of the 2022 Notes, the July 2022 Notes and the November 2022 Notes (“GRFP 6.5% senior notes due 2025”) were issued by GRFP in July 2022, and due in July 2025. The GRFP 6.5% senior notes due 2025 are listed on the SGX and carry an interest of 6.5% per annum and interests are payable semi-annually. The net proceeds from the GRFP 6.5% senior notes due 2025 were mainly for refinancing medium to long-term debt that will be due within one year and

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INVESTMENTS (continued)

For further information of the business and financial performance of the above company, please refer to the report and announcements referred in the above paragraphs. Please also refer to the respective publications of the above company from time to time for updates on their prospects and performances. The report and announcements referred above do not form part of this annual report and do not constitute any publication issued by, or any opinion, advice or view of, the Company or any of the Directors.

The Company's equity instruments consist primarily of listed shares of a cluster of wide-ranging primarily blue-chip listed issuers as at 31 December 2022. During the Period, the dividend income from equity instrument at fair value through profit or loss is HK$317,183,000, and the amount of loss on fair value changes of equity instruments at fair value through profit or loss is HK$222,507,000. The Company's investment strategy of these equity investment is to make mid- to long-term investments in the prospects of primarily reputable sizeable issuers on recognizable stock exchange for creating values for the Group and its shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers. There was no equities securities investment in an investee company with a value of 5 per cent. or more of the Group's total assets as at 31 December 2022.

The Group's Investment Strategy for These Investments

Our investment portfolio is comprised mainly of listed securities of a variety

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TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of Company's shares.

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PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchase, sale or redemption by the Company, or any of subsidiaries, of its listed securities.

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DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 December 2022 comprised the retained profits of HK$55,653,000 (2021: retained profits of HK$520,320,000).

In addition to the retained profits of the Company, the share premium of the Company are also available for distribution to the Shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

At 31 December 2022, the sum of the retained profits and the share premium of the Company amounted to HK$6,686,612,000 (2021: HK$7,151,279,000).

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DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

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Executive Directors:

Mr. Cheung Kwok Wing (Chairman)
Mr. Chang Wing Yiu (Managing Director)
Mr. Cheung Kwong Kwan
Mr. Ho Yin Sang
Mr. Cheung Ka Shing
Ms. Ho Kin Fan
Mr. Chen Maosheng

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Independent non-executive Directors:

Mr. Cheung Ming Man
Dr. Chong Kin Ki
Mr. Chan Wing Kee
Mr. Stanley Chung Wai Cheong

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At the forthcoming annual general meeting of the Company, each of Mr. Chang Wing Yiu, Mr. Ho Yin Sang and Mr. Chen Maosheng, being executive directors and Dr. Chong Kin Ki, being independent non-executive director, will retire from directorship by rotation and will be eligible for re-election at the forthcoming annual general meeting of the Company in accordance with Article 82 and Article 92 of the Company's articles of association. Mr. Chang Wing Yiu, Mr. Ho Yin Sang and Mr. Chen Maosheng, being executive directors, and Dr. Chong Kin Ki, being independent non-executive director, will offer themselves for re-election.

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Biographical details of the above Directors are set out in the section "Directors' and Senior Management's Biographies".

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No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

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DIRECTORS' INTERESTS IN SHARES

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At 31 December 2022, the interests of the Directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

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Long position

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(a) Ordinary shares of HK$0.1 each of the Company ("Shares")

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Name of Director è + ' ¤	Capacity Æ B Ì /	Number of issued Shares held Ô 5 Š ï p … p f	Approximate percentage of the issued share capital of the Company & I ® ! Š ï p I ˜ ? Ò õ ± â
Mr. Cheung Kwok Wing (Note 1) u 7 ò ‹ [€ • W1 •	Beneficial owner/Interest of spouse ¼ B ¹ Þ [J ã Æ B	4,925,405	0.4442%
Mr. Chang Wing Yiu (Note 2) M Q 4 ‹ [€ • W2 •	Beneficial owner/Interest of spouse ¼ B ¹ Þ [J ã Æ B	9,570,228	0.8631%
Mr. Cheung Kwong Kwan u ? ‹ [	Beneficial owner ¼ B ¹ Þ [	5,136,500	0.4633%
Mr. Ho Yin Sang (Note 3) ò [‹ [€ • W3 •	Beneficial owner/Interest of spouse ¼ B ¹ Þ [J ã Æ B	1,003,200	0.0905%
Mr. Cheung Ka Shing u • Ó ‹ [	Beneficial owner ¼ B ¹ Þ [	1,065,500	0.0961%
Mr. Cheung Ming Man u ü ½ ‹ [	Beneficial owner ¼ B ¹ Þ [	35,000	0.0032%
Dr. Chong Kin Ki (Note 4) • : Ø < [€ • W4 •	Beneficial owner/Interest of spouse ¼ B ¹ Þ [J ã Æ B	110,000	0.0099%
Mr. Chan Wing Kee Ó Q ' ‹ [	Beneficial owner ¼ B ¹ Þ [	285,000	0.0257%

DIRECTORS’ INTERESTS IN SHARES

(continued)

Long position (continued)

(a) Ordinary shares of HK$0.1 each of the Company (“Shares”) (continued)

Notes:

(1) Out of the 4,925,405 Shares, 4,639,905 Shares were held by Mr. Cheung Kwok Wing and 285,500 Shares were held by his spouse.

(2) Out of the 9,570,228 Shares, 8,899,488 Shares were held by Mr. Chang Wing Yiu and 670,740 Shares were held by his spouse.

(3) Out of the 1,003,200 Shares, 655,000 Shares were held by Mr. Ho Yin Sang and 348,200 Shares were held by his spouse.

(4) Out of the 110,000 Shares, 90,000 Shares were held by Dr. Chong Kin Ki and 20,000 Shares were held by his spouse.

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(2) õ 9,570,228 p p … … • d I •8,899,488 p p … W _ M Q 4 ‹ [I [5 Þ d þ670,740 p p … Æ _ I ã 5 Þ f

(3) õ 1,003,200 p p … … • d I •655,000 p p … W _ ò [‹ [I [5 Þ d þ348,200 p p … Æ _ I ã 5 Þ f

(4) õ 110,000 p p … … • d I •90,000 p p … W _ • : Ø < [I [5 Þ d þ20,000 p p … Æ _ I ã 5 Þ f

DIRECTORS’ INTERESTS IN SHARES

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(continued)

Long position (continued)

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(b) Share options of the Company (“Share Options”)

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Name of Director è + ‘ ¤	Capacity Æ B Ì /	Interest in underlying Shares pursuant to the Share Options ì ½ … p Æ õ Þ ë p … Y Æ B	Approximate percentage of the issued share capital of the Company & I ® ! Š ï p I ˜ ? Ò õ ± â
Mr. Cheung Kwok Wing u 7 ò ‹ [	Beneficial owner ¼ B ¹ Þ [	2,000,000	0.1804%
Mr. Chang Wing Yiu M Q 4 ‹ [	Beneficial owner ¼ B ¹ Þ [	2,000,000	0.1804%
Mr. Cheung Kwong Kwan u ? ‹ [	Beneficial owner ¼ B ¹ Þ [	2,000,000	0.1804%
Mr. Ho Yin Sang (Note) ò [‹ [€ • W •	Beneficial owner/Interest of spouse ¼ B ¹ Þ [J ã Æ B	3,840,000	0.3463%
Mr. Cheung Ka Shing u • Ó ‹ [	Beneficial owner ¼ B ¹ Þ [	2,020,000	0.1822%
Ms. Ho Kin Fan • ~ {	Beneficial owner ¼ B ¹ Þ [	1,720,000	0.1551%
Mr. Chen Maosheng Ó ñ 8 ‹ [	Beneficial owner ¼ B ¹ Þ [	330,000	0.0298%
Mr. Cheung Ming Man u ü ½ ‹ [	Beneficial owner ¼ B ¹ Þ [	150,000	0.0135%
Dr. Chong Kin Ki • : Ø < [	Beneficial owner ¼ B ¹ Þ [	150,000	0.0135%
Mr. Stanley Chung Wai Cheong ¤ ù ‹ [	Beneficial owner ¼ B ¹ Þ [	150,000	0.0135%
Mr. Chan Wing Kee Ó Q ’ ‹ [	Beneficial owner ¼ B ¹ Þ [	150,000	0.0135%

Note: Out of the 3,840,000 Share Options, 2,000,000 were held by Mr. Ho Yin Sang and 1,840,000 Share Options were held by his spouse.

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DIRECTORS’ INTERESTS IN SHARES

(continued)

Long position (continued)

(c) Ordinary shares of HK$0.1 each (“KLHL Shares”) in KLHL, a non-wholly owned subsidiary of the Company

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Name of Director è + ‘ ¤	Capacity Æ B Ì /	Number of issued KLHL Shares held Ô 5 Š ï b 4 p … p f	Approximate percentage of the issued share capital of KLHL & b 4 Š ï p I ˜ ? Ò õ ± â
Mr. Cheung Kwok Wing u 7 ò ‹ [	Beneficial owner ¼ B ¹ Þ [	2,126,500	0.0682%
Mr. Chang Wing Yiu M Q 4 ‹ [	Beneficial owner ¼ B ¹ Þ [	11,820,000	0.3788%
Mr. Ho Yin Sang ò [‹ [	Beneficial owner ¼ B ¹ Þ [	809,000	0.0259%
Mr. Cheung Kwong Kwan u ? ‹ [	Beneficial owner ¼ B ¹ Þ [	5,000,000	0.1603%
Mr. Cheung Ka Shing u • Ó ‹ [	Beneficial owner ¼ B ¹ Þ [	379,000	0.0121%
Ms. Ho Kin Fan • ~ {	Beneficial owner ¼ B ¹ Þ [	200,000	0.0064%
Dr. Chong Kin Ki • : Ø < [	Interest of spouse ã Æ B	50,000	0.0016%

DIRECTORS' INTERESTS IN SHARES

(continued)

Long position (continued)

(d) Share options of the KLHL ("KLHL Share Options")

Name of Director	Capacity	Number of issued KLHL Shares held	Approximate percentage of the issued share capital of KLHL
Mr. Ho Yin Sang	Interest of spouse	5,900,000	0.1891%

(e) Non-voting deferred shares of HK$1 each in the share capital of Kingboard Laminates Limited, a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of non-voting deferred shares held (Note)
Mr. Cheung Kwok Wing	Beneficial owner	1,904,400
Mr. Chang Wing Yiu	Beneficial owner	423,200
Mr. Cheung Kwong Kwan	Beneficial owner	846,400
Mr. Ho Yin Sang	Beneficial owner	529,000

Note: None of the non-voting deferred shares of Kingboard Laminates Limited are held by the Group. Such deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of Kingboard Laminates Limited and have practically no rights to dividends or to participate in any distribution on winding up.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2022. Further details of the share options of the Company and its subsidiaries and the Directors' interests in them are available in the section headed "Share Options" and in note 32 to the consolidated financial statements of this Report.

SHARE OPTIONS

Particulars of the share option schemes of the Company and KLHL (including their vesting and exercise period) are set out in Note 32 to the consolidated financial statements.

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The following table discloses movements in the Share Options under the Scheme during the year:

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		Outstanding as at 1 January 2022 õ Z g Z Z Ë S Ü S Ú J 4	Granted during the year õ Ë « ¬	Exercised during the year õ Ë « 4	Outstanding as at 31 December 2022 õ Z g Z Z Ë d Z Ü g d S Ú J 4
Category 1: Directors	K1 ó j è +				
Mr. Cheung Kwok Wing	u 7 ò ‹ [	–	2,000,000	–	2,000,000
Mr. Chang Wing You	M Q 4 ‹ [	–	2,000,000	–	2,000,000
Mr. Cheung Kwong Kwan	u ? ‹ [	–	2,000,000	–	2,000,000
Mr. Ho Yin Sang (Note)	ò [‹ [€ • W •	–	2,000,000	–	2,000,000
Mr. Cheung Ka Shing	u • Ó ‹ [	20,000	2,000,000	–	2,020,000
Ms. Ho Kin Fan	• ~ {	–	1,720,000	–	1,720,000
Mr. Chen Maosheng	Ó ñ 8 ‹ [	–	330,000	–	330,000
Mr. Cheung Ming Man	u ü ½ ‹ [	–	150,000	–	150,000
Dr. Chong Kin Ki	• : Ø < [	–	150,000	–	150,000
Mr. Chan Wing Kee	Ó Q ’ ‹ [	–	150,000	–	150,000
Mr. Stanley Chung Wai Cheong	¤ ù ‹ [	–	150,000	–	150,000
		20,000	12,650,000	–	12,670,000
Category 2: Employees (Note)	K2 ó j ‡ p€ • W •	–	3,720,000	–	3,720,000
		20,000	16,370,000	–	16,390,000

Note: On 23 June 2022, the Company granted 2,000,000 share options to Mr. Ho Ying Sang (an executive director of the Company) and 1,840,000 share options to his spouse, namely Ms. Cheung Wai Kam (an employee of the Group). Save as disclosed above, these 3,720,000 share options were granted to employees who are neither a director, chief executive nor substantial shareholder of the Company nor their respective associates.

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SHARE OPTIONS (continued) … p Æ€ƒ •

The following table discloses movements in the KLHL Share Options during the year:

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		Outstanding as at 1 January 2022 õ Z g Z Z Ë S Ü S Ú J 4	Granted during the year õ Ë « ¬	Exercised during the year õ Ë « 4	Outstanding as at 31 December 2022 õ Z g Z Z Ë d Z Ü g d S Ú J 4
Directors and employees of KLHL (Note)	b 4 è + ¿ ‡ p € • W •	–	36,900,000	–	36,900,000

Note: Including the spouse of Mr. Ho Yin Sang, a Director of the Company, in respect of 5,900,000 KLHL Share Options. The spouse of Mr. Ho Yin Sang is an employee of KLHL.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2022, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following Shareholders had notified the Company of relevant interests or short positions in the issued share capital of the Company.

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Name of shareholder p ¤ H	Capacity Æ B Ì /	Number of issued Shares held Ô 5 Š ï p … p f	Approximate percentage of the issued share capital of the Company & I ® ! Š ï p I ˜ ? Ò õ ± â
Hallgain Management Limited (“Hallgain”) (Note) £ • W •	Beneficial owner ¼ B ¹ Þ [	454,707,200 (L)	41.00%
FMR LLC	Investment manager ³ ¾ #	110,514,012 (L)	9.97%
Fidelity Puritan Trust	Investment manager ³ ¾ #	77,636,276 (L)	7.00%

(L) The letter “L” denotes a long position.

(L) ˜L ™¿ þ Œ — Q f

Note: As at 31 December 2022: (i) no shareholder of Hallgain was entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors were not accustomed to act in accordance with any shareholder's direction; and (ii) Mr. Cheung Kwok Wing, being a Director, was also a director of Hallgain.

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Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2022 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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CORPORATE GOVERNANCE

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In the opinion of the Directors, the Company has adopted and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2022.

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For further information on the Group's corporate governance practices during the year, please refer to the Corporate Governance Report in this annual report.

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CONNECTED TRANSACTIONS

On 26 January 2022, Golden Concept Development Limited, a non-wholly owned subsidiary of the Company entered into a preliminary sale and purchase agreement (the “Sale and Purchase Agreement”) with Mr. Ho Yin Sang, for the sale of a house under the Cavaridge Project. The transaction

CONNECTED TRANSACTIONS (continued)

In 2022, the Group had the following non-exempt continuing connected transactions within the meaning of Chapter 14A of the Listing Rules (which also constituted related party transactions of the Company):

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(a) KHL/Hallgain Purchase Framework Agreement

On 25 October 2019, the Company and Hallgain entered into a purchase framework agreement pursuant to which the Group agreed to purchase certain materials for the production of PCBs such as copper balls and drill bits from Hallgain and its subsidiaries (the "Hallgain Group") from 1 January 2020 to 31 December 2022.

On 19 July 2021, taking into account the increasing trend in the transaction volume, the Company and Hallgain entered into new purchase framework agreement (the "KHL/Hallgain Purchase Framework Agreement") to which the Group agreed to purchase certain materials for the production of PCBs such as copper balls and drill bits from the Hallgain Group from 19 July 2021 to 31 December 2023. Under the KHL/Hallgain Purchase Framework Agreement, the amount of materials to be purchased is not fixed but is to be determined and agreed between the parties from time to time. The actual quantity, specification and price (with reference to the prevailing market price) of the materials under the KHL/Hallgain Purchase Framework Agreement will be subject to the individual orders placed by the Group with the Hallgain Group. The proposed annual cap for the three years ending 31 December 2023 are HK$1,000,000,000, HK$1,070,000,000 and HK$1,150,000,000, respectively. Please refer to the Company's joint announcement dated 19 July 2021 for further information.

The transactions contemplated under the KHL/Hallgain Purchase Framework Agreement constituted continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules on the basis that Hallgain is a substantial Shareholder and hence a connected person of the Company under the Listing Rules.

The annual cap and the actual transaction amount of the transactions contemplated under the KHL/Hallgain Purchase Framework Agreement for the year ended 31 December 2022 are set out in the table below.

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CONNECTED TRANSACTIONS (continued)

(b) KLHL/Hallgain Supply Framework Agreement

On 25 October 2019, KLHL and Hallgain entered into a supply framework agreement pursuant to which the KLHL and its subsidiaries (the "KLHL Group") agreed to supply copper and laminates to the Hallgain Group from 1 January 2020 to 31 December 2022.

On 19 July 2021, taking into account the increasing trend in the transaction volume, the Company and Hallgain entered into new supply framework agreement (the "KLHL/Hallgain Supply Framework Agreement") pursuant to which the KLHL Group agreed to supply copper and laminates to the Hallgain Group from 19 July 2021 to 31 December 2023. Under the KLHL/Hallgain Supply Framework Agreement the amount to be supplied is not fixed but is to be determined and agreed between the parties from time to time. The actual quantity, specification and price (with reference to the prevailing market price) of the products under the KLHL/Hallgain Supply Framework Agreement will be subject to the individual orders placed by the Hallgain Group with the KLHL Group. The proposed annual cap for the three years ending 31 December 2023 are HK$625,000,000, HK$687,000,000 and HK$755,000,000, respectively. Please refer to the Company's joint announcement dated 19 July 2021 for further information.

The transactions contemplated under the KLHL/Hallgain Supply Framework Agreement constituted continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules on the basis that Hallgain is a substantial Shareholder and hence a connected person of the Company under the Listing Rules, and KLHL is a subsidiary of the Company.

The annual cap and the actual transaction amount of the transactions contemplated under the KLHL/Hallgain Supply Framework Agreement for the year ended 31 December 2022 are set out in the table below.

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CONNECTED TRANSACTIONS (continued)

(c) KLHL/Hallgain Purchase Framework Agreement

On 25 October 2019, KLHL and Hallgain entered into a purchase framework agreement pursuant to which the KLHL Group agreed to purchase materials for production of laminates such as drill bits and machineries from the Hallgain Group from 1 January 2020 to 31 December 2022.

On 19 July 2021, taking into account the increasing trend in the transaction volume, KLHL and Hallgain entered into a new purchase framework agreement (the "KLHL/Hallgain Purchase Framework Agreement") pursuant to which the KLHL Group agreed to purchase machineries for production of laminates from the Hallgain Group from 19 July 2021 to 31 December 2023. Under the KLHL/Hallgain Purchase Framework Agreement, the amount to be purchased is not fixed but is to be determined and agreed between the parties from time to time. The actual quantity, specification and price (with reference to the prevailing market price) of machineries under the KLHL/Hallgain Purchase Framework Agreement will be subject to the individual orders placed by the KLHL Group with the Hallgain Group. The proposed annual cap for the three years ending 31 December 2023 are HK$570,000,000, HK$610,000,000 and HK$653,000,000, respectively. Please refer to the Company's joint announcement dated 19 July 2021 for further information.

The transactions contemplated under the KLHL/Hallgain Purchase Framework Agreement constituted continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules on the basis that Hallgain is a substantial Shareholder and hence a connected person of the Company under the Listing Rules, and KLHL is a subsidiary of the Company.

The annual cap and the actual transaction amount of the transactions contemplated under the KLHL/Hallgain Purchase Framework Agreement for the year ended 31 December 2022 are set out in the table below.

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CONNECTED TRANSACTIONS (continued) ë ¹ t ø € ƒ •

The annual caps and actual transaction amounts of the continuing connected transactions disclosed above for the year ended 31 December 2022 are set out in the table below.

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		Amounts – X HK$'000 w ¥ ©	Annual caps Ë j " HK$'000 w ¥ ©
(i) Purchase of copper balls and drill bits from the Hallgain Group by the Group under the KHL/Hallgain Purchase Framework Agreement	(i) I « ì ½ b « JHallgain … o ê V X D £Hallgain « … o Ö " ¿] g	856,241	1,070,000
(ii) Sales of coppers and laminates to the Hallgain Group by the KLHL Group under the KLHL/Hallgain Supply Framework Agreement	(ii) b 4 « ì ½ b 4 J Hallgain 6 Ð ê V X D £Hallgain « / Ö ¿ ' Ö &	534,466	687,000
(iii) Purchase of machineries from the Hallgain Group by the KLHL Group under the KLHL/Hallgain Purchase Framework Agreement	(iii) b 4 « ì ½ b 4 J Hallgain … o ê V X D £Hallgain « … o Ú œ	115,229	610,000

CONNECTED TRANSACTIONS (continued)

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2022 disclosed by the Group from pages 39 to 42 of this annual report in accordance with Listing Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. The auditors has confirmed that nothing has come to its attention that causes it to believe that the continuing connected transactions entered into by the Group for the year ended 31 December 2022:

(a) have not been approved by the board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(d) have exceeded the cap.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of transactions during the year ended 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any plans for material investments and capital assets as at the date of this report.

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EMOLUMENT POLICY

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The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merits, qualifications and competence.

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The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

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The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme are set out in Note 32 to the consolidated financial statements.

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The remuneration paid to a senior management (excluding the directors) during the year ended 31 December 2022 was within the following band:

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Bands Í		Number of senior management ÷ t M # 4 [p
HK$2,000,001 or above	2,000,001 ¥ © Ð ø j	1

MATERIAL ACQUISITIONS AND DISPOSALS

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Save as disclosed in this report, the Group did not have any other material acquisitions and disposal of subsidiaries, associated companies or joint ventures for the year ended 31 December 2022.

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PRE-EMPTIVE RIGHTS

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There are no provision for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under company laws in the Cayman Islands.

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SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, as at the date of this annual report, there was a sufficient public float of the Company's issued shares as required under the Listing Rules.

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PERMITTED INDEMNITY PROVISION

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According to the articles of association of the Company, every Director, agent, auditor, secretary or other officer for the time being and from time to time of the Company (and the personal representatives of those persons, as the case may be) shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

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Appropriate insurance covering for the Directors' and senior management's liabilities arising out of activities of the Group has been arranged by the Company.

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MAJOR CUSTOMERS AND SUPPLIERS

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During the year, the aggregate sales or purchases attributable to the Group's five largest customers combined or suppliers combined were less than 30% of the Group's sales or purchases respectively.

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EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Group, or existed during the year under review.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Cheung Kwok Wing
CHAIRMAN

27 March 2023

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CORPORATE GOVERNANCE REPORT

The Board recognises the importance of corporate governance practice of a listed company. It is in the interest of the stakeholders and shareholders for a listed company to operate in a transparent manner with the adoptions of various self-regulatory policies, procedures and monitoring mechanisms and a clear definition of accountability of directors and management.

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2022, save for the deviation from paragraph A.4.1 of the CG Code since the independent non-executive directors are not appointed for a specific term. Notwithstanding the aforesaid deviation, all the directors (including the independent non-executive directors) are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association. As such, the Company considers that steps have been taken with a view to ensuring that the Company's corporate governance practices are in line with the principles of the CG Code.

In addition to applying the principles in the CG Code, which is mandatory in nature, the Board also observes certain recommended best practices ("Recommended Best Practices") contained in Appendix 14 to the Listing Rules and has adopted certain Recommended Best Practices which are suitable to the Company's current situation. The Board will continuously enhance the corporate governance standard of the Company by reference to the Recommended Best Practices whenever suitable and appropriate.

The Company has adopted a code of conduct regarding securities

A. DIRECTORS

The Board

The Board is responsible for the leadership and control of the Group and is entrusted with the responsibility to supervise the management of the business and the affairs of the Group. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board approves the Group's strategic plan, annual budget, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

The Board meets regularly and as warranted by particular circumstances. Notices and agendas are prepared by the Company Secretary as delegated by the Chairman of the Board and distributed to the Board members within reasonable time before the meetings. Relevant meeting papers are also sent to Directors well before the meetings, informing them of the background and giving explanation on matters to be brought before the Board. All Directors are given the opportunity to include matters in the agendas for Board meetings. To ensure the Directors make decisions objectively and in the interests of the Company, the Company's articles of association provide that any Director shall abstain from voting on any resolutions in which he or his associates is/are materially interested nor be counted in the quorum of the meeting. Draft and final versions of the minutes of Board meetings are sent to all Directors for their comment and records respectively within a reasonable time after the Board meetings and are kept by the Company Secretary.

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A. DIRECTORS (continued)

The Board (continued)

During the year under review, the Board had held four meetings and the Company held an annual general meeting. The Directors' attendance at Board meetings, Board committees' meetings and the general meeting was as follows:

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		Board Meeting è + 6 6 D	Audit Committee Meeting 2 è ‰ p 6 6 D	Nomination Committee Meeting d ¤ ‰ p 6 6 D	Remuneration Committee Meeting Z G ‰ p 6 6 D	General Meeting p } 6 (Note) € • W •
Number of Meeting	6 D p f	4	3	1	2	1
Executive Directors	B è +					
Cheung Kwok Wing (Chairman)	u 7 ò € ô © •	4	–	–	–	1
Chang Wing Yiu (Managing Director)	M Q ¼ € è + < ¾ # •	4	–	–	–	–
Cheung Kwong Kwan	u ?	4	–	–	–	–
Ho Yin Sang	ò [	4	–	–	–	–
Cheung Ka Shing	u • Ó	4	–	–	–	1
Ho Kin Fan	•	4	–	–	–	1
Chen Maosheng	Ó ñ 8	4	–	–	–	–
Independent non-executive Directors	ù m ¢ B è +					
Cheung Ming Man	u ü ½	4	3	1	2	–
Chong Kin Ki	• : Ø	4	3	1	2	–
Chan Wing Kee	Ó Q '	4	–	–	–	1
Stanley Chung Wai Cheong	¤ ù	4	3	1	2	1

Note:

General meeting refers to the Company's annual general meeting held on 23 May 2022.

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A. DIRECTORS (continued)

The Board (continued)

The Directors have observed the importance of directing and supervising the Company's affairs at a more regular interval. After consulting all Directors, Board meetings have been preliminarily scheduled to be held at quarterly interval and no less than four times in the coming year.

The Board is responsible for performing the functions set out in D.3.1 of the CG Code.

During the year under review, the Board met once to review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Division and responsibilities

During the year under review, the Board was headed by the Chairman whose role differs from that of the Managing Director of the Company. The roles of the Chairman and Managing Director were segregated and are not exercised by the same individual.

The duties of the Chairman include (but not limited to) the following:

- scheduling meetings that enable the Board to perform its duties and responsibilities and to ensure all key and appropriate issues are discussed by the Board in a timely manner without interfering the Company's operations;
- preparing meeting agenda after consultation with the Managing Director;
- exercising control over quality, quantity and timeliness of the flow of information between Management and the Board and to ensure decisions are made on a fully informed basis by the Directors; and
- assisting in ensuring compliance with the Listing Rules and the Company's guidelines on corporate governance.

The Managing Director was mainly responsible for the overall strategic planning and day-to-day management of the Group.

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A. DIRECTORS (continued)

Board composition

The Board currently comprises eleven members, seven of whom are executive Directors and four of whom are independent non-executive Directors who are expressly identified in all corporate communications that disclose the names of the Directors. One of the independent non-executive Directors possesses appropriate professional qualifications (or accounting or related financial management expertise) as required by the Listing Rules. The composition of the Board as of the report date is as follows:

Executive Directors
Cheung Kwok Wing (Chairman)
Chang Wing Yiu (Managing Director)
Cheung Kwong Kwan
Ho Yin Sang
Cheung Ka Shing
Ho Kin Fan
Chen Maosheng

Independent non-executive Directors
Cheung Ming Man
Chong Kin Ki
Chan Wing Kee
Stanley Chung Wai Cheong

Mr. Cheung Kwong Kwan is a cousin of Mr. Cheung Kwok Wing. Mr. Chang Wing Yiu and Mr. Ho Yin Sang are brothers-in-law of Mr. Cheung Kwok Wing. Mr. Cheung Ka Shing is the son of Mr. Cheung Kwok Wing, the nephew of Mr. Cheung Kwong Kwan and the nephew-in-law of Mr. Chang Wing Yiu and Mr. Ho Yin Sang. Ms. Ho Kin Fan is the daughter of Mr. Ho Yin Sang, niece of Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu and Mr. Cheung Kwong Kwan and the cousin of Mr. Cheung Ka Shing.

During the year under review, the independent non-executive Directors were not appointed for specific terms but are subject to retirement by rotation and are eligible for re-election. The Board considers that although such arrangement deviates from paragraph A.4.1 of the CG Code, sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

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A. DIRECTORS (continued)

Board composition (continued)

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence as required under Rule 3.13 of the Listing Rules. The Board also considers that the independent non-executive Directors remain independent.

The Board comprises Directors who collectively provide core competencies, sales and marketing experience and technical knowledge in laminates, printed circuit boards, property developments and chemical products, administration and management experience in the PRC factories, financial and accounting skills. The Company believes that the current Board with a balance of skills and experience is appropriate for effective decision making, taking into account the nature and scope of the operations of the Company.

Appointment, re-election and removal

The Company's articles of association set out a formal, considered and transparent procedure for the appointment of new Directors to the Board. Any Director appointed by the Board either to fill a casual vacancy or as addition to the Board, shall retire and be eligible for re-appointment at the next following general meeting (in the case of filling a casual vacancy) or annual general meeting (in the case of an additions to the Board) after appointment. The appointment of Directors are not fixed for a specified term, but at every annual general meeting one-third of the directors, including the Chairman, shall be subject to retirement by rotation and re-appointment by Shareholders. The Directors appointed by the Board who are subject to retirement and re-appointment as mentioned above shall be taken into account in calculating the total number of Directors for the time being but shall not be taken into account in calculating the number of Directors who are to retire by rotation. All Directors eligible for re-appointment shall have their biographical details made available to the Shareholders to enable them to make an informed decision on their re-appointment. Any appointment, resignation, removal or re-designation of Director shall be timely disclosed to the Shareholders by announcement and the reasons given by the Director for his resignation shall be included in the announcement.

Responsibilities of Directors

The Company and the Board require each Director to keep abreast of his responsibilities as a director of the Company and of the conduct, business activities and development of the Company. Every Director is required to devote sufficient time and involvement in the affairs of the Board and the material matters of the Company and to serve the Board with such degree of care and due diligence given his own expertise, qualification and professionalism.

A. DIRECTORS (continued)

Responsibilities of Directors (continued)

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Every newly appointed Director shall receive a comprehensive, formal and tailored induction on the first occasion of his appointment. All Directors shall be updated and briefed on continuing professional development as is necessary to ensure that they have a proper understanding of the operations and the business of the Company and that they are fully aware of their responsibilities under the applicable laws and regulations. The Board has a procedure for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expenses to enable and facilitate the Directors to make well considered decisions. Appropriate insurance coverage for Directors' and officers' liability has been arranged against possibility of legal action to be taken against the Directors and the management.

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According to A.6.5 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

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During the year under review, the Directors also participated in the following trainings:

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Name of Directors	è + ' ¤	Attending or participating in the briefing session/seminars/ programmes relevant to the business/directors' duties © Ð ~ Þ ë 8 J è + Y § 6 J - 6 J Œ
Executive Directors	**B è +**	
Cheung Kwok Wing (Chairman)	u 7 ò € ô © •	✔
Chang Wing Yiu (Managing Director)	M Q € è + < ¾ # •	✔
Cheung Kwong Kwan	u ?	✔
Ho Yin Sang	ò [	✔
Cheung Ka Shing	u • Ó	✔
Ho Kin Fan	•	✔
Chen Maosheng	Ó ñ 8	✔
Independent non-executive Directors	**ù m ¢ B è +**	
Cheung Ming Man	u ü ½	✔
Chong Kin Ki	• : Ø	✔
Chan Wing Kee	Ó Q '	✔
Stanley Chung Wai Cheong	¤ ù	✔

The Directors confirmed that they have complied with A.6.5 of the CG Code on Directors' training for the year ended 31 December 2022.

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A. DIRECTORS (continued)

Supply of and access to information

The management of the Company has an obligation to furnish the Board with complete, adequate and appropriate information in such form and such quality in a timely manner so as to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company. All the Directors are given separate and independent access to the Company's senior management.

All the Directors are given separate and independent access to the Company Secretary, whose role includes ensuring that Board procedures are observed and followed, and that applicable rules and regulations are complied with. The Company Secretary attends all the meetings of the Board and Board committees and is responsible for drafting minutes and keeping minutes records which can be accessed by any Director for inspection.

Board independence

The Board reviewed and considered that the following key features or mechanisms under Company's governance structure are effective in ensuring that independent views and input are provided to the Board.

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Board and committees' structure	•	The Company has been steered by a Board comprising more than one-third of independent non-executive Directors. The Board comprises seven executive Directors and four independent non-executive Directors.
	•	Members of all board committees are independent non-executive Directors.
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Independent non-executive Directors' tenure	•	The directors' nomination policy of the Company sets a maximum tenure of nine consecutive years for independent non-executive Directors unless the Board determines that such Director is still independent.
ù m ¢ B è + , ,	•	I ® ! Y è + d ¤ A • › d ù m ¢ B è + Y , , ð — ‰ ¹ ƒ X Ë d ð ¢ è + 6 © ‰ è + ¥ n ù m [{ f
Independent non-executive Directors' remuneration	•	Independent non-executive Directors receive fixed fee(s) for their role as members of the Board and Board committee(s) as appropriate.
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A. DIRECTORS (continued)

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Board independence (continued)

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Appointment of independent non-executive Directors	• In assessing suitability of the candidates, the Nomination Committee will review their profiles, including their qualification and time commitment, having regard to the Board's composition, the Directors' skill matrix, the list of selection criteria approved by the Board, its nomination policy and the board diversity policy.
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Annual review of independent non-executive Directors' independence	• The Board assessed the annual independence confirmation received from each independent non-executives Director, having regard to the criteria under Rule 3.13 of the Main Board Listing Rules.
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Conflict management	• The Articles of Association of the Company and internal guidelines of the Company provide guidance to the Directors on avoiding conflicts of interest and on the circumstances under which appropriate action(s) shall be taken by the director in conflict.
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Professional advice	• To facilitate proper discharge of their duties, all Directors are entitled to seek advice from the company secretary or the in-house legal team as well as from independent professional advisers at the Company's expense.
Y 8	• ‰ | 5 I ª d Œ è + i Þ Æ £ ® ! d ã Ð « Å , Ÿ ø ¿ ù m Y 8 ¥ * 0 Ë d I \ _ I ® ! Õ Ä f
Board evaluation	• The quality and efficiency of discussions at Board meetings are assessed during the annual evaluation of the Board's performance.
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B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The level and make-up of remuneration and disclosure

The Board has set up a remuneration committee (the “Remuneration Committee”) which comprises three independent non-executive Directors, namely Dr. Chong Kin Ki (Chairman), Mr. Stanley Chung Wai Cheong and Mr. Cheung Ming Man as at the date of the report. The role of the Remuneration Committee is to formulate policies and procedures for determining the remuneration of Directors and senior management and other remuneration related matters. The Remuneration Committee is set up with written terms of reference which set out clearly its duties and authorities delegated by the Board, including the following duties:

- formulate the framework or Board policy for determining the remuneration of the Company’s Board and senior management. The objective of such policy should ensure that members of the senior management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company;

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B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (continued)

The level and make-up of remuneration and disclosure

(continued)

- recommend specific remuneration packages including, where appropriate, allowances, bonuses, benefits in kind, incentive payments, and share options, if any, for each executive Director and the Managing Director and such other members of senior management as it is designated to consider;

- recommend targets for any performance-linked pay schemes operated by the Company, taking into account remuneration and employment conditions within the industry and in comparable companies; and

- recommend to the Board the remuneration of independent non-executive Directors (including non-executive Directors, if any), taking into account factors such as effort, time spent and responsibilities.

When recommending the remuneration package for each individual Director, the Remuneration Committee will consider his qualification and experience, specific duties and responsibilities assigned to him by the Board and the prevailing market packages available for similar position. The emoluments of the Directors on a named basis for the year under review is set out on pages 159 to 163 in Note 11 to the financial statements. Review and comparison in terms of Directors' emoluments package and net profits of the Group are made from time to time with comparable listed industrial companies with similar capitalisation to the Group. Considering all such factors, the Remuneration Committee would make recommendation on the remuneration package for each Director after consultation with the Chairman.

During the year under review, the Remuneration Committee had convened two meetings during which the Remuneration Committee, among other things, assessed the performance, determined the remuneration policy and packages for all Directors and senior management. The Remuneration Committee has also approved the grant of share options under the Scheme to its directors and employees of the Group on 23 June 2022. Taking into account the performance and contributions of such directors and employees during the year, the Remuneration Committee considered appropriate to grant such options as a reward for their services and an incentive for them to continue to contribute to the growth of the Group's business.

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C. ACCOUNTABILITY AND AUDIT (continued)

Risk Management, Internal Control and Responsibility of the Board (continued)

The Group has established an internal audit department to review the financial condition, operational condition, risk management, compliance control and internal control of the Group. For 2022, the Board has conducted a review on the effectiveness of the above internal control system of the Group including financial, operational and compliance controls and risk management and will conduct such review at least once a year, so as to ensure the Shareholders' investment and the Group's assets are properly safeguarded. The Board is satisfied that, based on the information supplied, coupled with its own observations and with the assistance of the Audit Committee, the present internal controls and risk management processes are satisfactory, effective and adequate for the nature and size of the Group's operations and business.

In addition to the internal control system, the Board has established an internal audit team that reports directly to the Audit Committee. The internal audit team will independently audit various functions, operations and systems that exist in the Company according to their weight of significance to the Company as well as the priority list recommended by the Audit Committee. The internal audit team will prepare an internal audit report highlighting the deficiencies and weaknesses in existing audit functions, operations and systems for discussion by the Audit Committee and the Board, and based on these findings the Board will instruct the senior management to take appropriate corrective and improvement actions.

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C. ACCOUNTABILITY AND AUDIT (continued)

Audit Committee

The Board has established the Audit Committee with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The major duties and responsibilities of the Audit Committee include the following:

- review with the external auditor, the audit plan;
- review with the external auditor, their evaluation of the system of internal accounting controls;
- review the scope and results of the internal audit procedures;
- review the statement of financial position and statement of profit or loss of the Company and the consolidated statement of financial position and statement of profit or loss of the Group and submit them to the Board;
- nominate persons as auditor;
- review with the internal and external auditors their findings on their evaluation of the Company's system of internal controls for the purpose of assisting the Board in developing policies that would enhance the controls and operating systems of the Company; and
- review connected transactions and examine the adequacy of internal controls of the Group as part of the standard procedures.

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C. ACCOUNTABILITY AND AUDIT (continued)

Audit Committee (continued)

The Audit Committee assists the Board to fulfil its oversight role over the Group's risk management and internal control functions by reviewing and evaluating the effectiveness of our overall risk management and internal control systems at least annually.

The Group's risk management and internal control systems is embedded within our business processes so that it functions as

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C. ACCOUNTABILITY AND AUDIT (continued)

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Audit Committee (continued)

The duties of the Audit Committee include reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the Company's auditor, Deloitte Touche Tohmatsu. The Audit Committee will review the independence of the Company's auditor, the resources and adequacy of the internal audit function, at least once a year. Where the auditor also supplies non-audit services to the Company, the Committee will keep the nature and extent of such services under review, seeking to balance between the maintenance of objectivity and value for money. During the year under review, the fees paid/payable to the Company's auditor in respect of audit and non-audit services provided by the Company's auditor to the Group were as follows:

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Nature of services	Ì /	Amount (HK$) – ⅩЄ ¥ © •
Audit services	è p	10,185,000
Non-audit services	¢ è p	
(i) Tax services	(i) ü	700,000
(ii) Other services (comprising compliance review, internal control review and ESG report)	(ii) I ü € < ¥ • 2 _ e « Å 9 › 2 _ ¿ ¤ e _ 6 ¿ M 7 S •	670,000

The Audit Committee has undertaken a review of all the non-audited services provided by the Company's auditor and concluded that in their opinion such services did not affect the independence of the auditor. The Board has appointed an accountant to be responsible for the accounting and financial matters of the Group and the Audit Committee has free access to the accountant and senior management of the Group and to any financial and relevant information which enables them to discharge their audit committee function effectively and efficiently. Besides internal assistance being available, the Audit Committee may request for assistance and advice from external auditor as and when it considers necessary at the expenses of the Company. The Audit Committee shall meet with external auditor without the presence of executive Directors to discuss the Group's financial reporting and any major and financial matters arising during the year under review at least once a year.

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C. ACCOUNTABILITY AND AUDIT (continued)

Audit Committee (continued)

In addition, the Audit Committee is authorised:

- to investigate any matter within its written terms of reference;
- to have full access to and co-operation by the management;
- to have full discretion to invite any Director or executive officer to attend its meetings; and
- to have reasonable resources to enable it to discharge its functions properly.

The Board will ensure that the members of the Audit Committee are appropriately qualified to discharge their responsibilities and at least one member has accounting and related financial management expertise or experience. The Audit Committee comprises three independent non-executive Directors as at the date of this report, namely Mr. Stanley Chung Wai Cheong (Chairman), Dr. Chong Kin Ki and Mr. Cheung Ming Man.

During the year under review, the Audit Committee had performed the following works:

- review of the scope of audit work;
- review and discussion of the annual financial results and report in respect of the year ended 31 December 2021 and interim financial results and report for the six months ended 30 June 2022 and discussion with the management of the accounting principles and practices adopted by the Group;
- discussion and recommendation of the re-appointment of the external auditors; and
- review of the internal control, financial reporting and risk management systems of the Group.

During the year under review, the Audit Committee had convened three meetings.

D. DELEGATION BY THE BOARD

Management function

The Company's articles of association set out matters which are specifically reserved to the Board for its decision. Executive Directors normally meet on an informal basis every two weeks and participate in senior management meetings on a regular basis to keep abreast of the latest operations and performance of the Group and to monitor and ensure the management carry out the directions and strategies set by the Board correctly and appropriately. The Board delegates day-to-day activities to the management with department heads responsible for different aspects of the business. Clear instructions are given to the management as to the matters which should bring to the attention and be determined by the Board on behalf of the Company.

Board committees

The Board has set up three Board committees, namely Audit Committee, Nomination Committee and Remuneration Committee, each chaired by a different independent non-executive Director, to assist the Board in discharging functions specific to each committee. Each Board committee has its own written terms of reference setting out the principles, procedures and arrangements which are substantially the same as those for the Board.

The Nomination Committee comprises three members who are independent non-executive Directors, namely Mr. Cheung Ming Man (Chairman), Dr. Chong Kin Ki and Mr. Stanley Chung Wai Cheong as at the date of this report. According to the written terms of reference of the Nomination Committee, the major responsibilities of the Nomination Committee include:

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- review whether or not an independent non-executive Director is independent for the purpose of the Listing Rules on an annual basis;
- identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise;
- assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board; and
- re-nominate a Director as an independent non-executive Director, if applicable, having regard to his contribution and performance.

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D. DELEGATION BY THE BOARD (continued)

Board committees (continued)

When recommending suitable candidates to the Board, the Nomination Committee will take merits of the candidates into consideration, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

During the year under review and up to the date of this report, the Nomination Committee had convened one meetings during which, among other things, considered which should retire by rotation pursuant to the Company's articles of association and the CG Code. The Nomination Committee had resolved that Mr. Chang Wing Yiu, Mr. Ho Yin Sang and Mr. Chen Maosheng, being executive Directors and Dr. Chong Kin Ki, being independent non-executive Directors, shall be subject to retirement by rotation at the forthcoming annual general meeting of the Company and offer themselves for re-election. During the meetings of the Nomination Committee, it had considered the policy for the nomination of Directors, and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

It had also reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company and assessed the independence of all the independent non-executive Directors. All the above-named Directors were nominated by the Nomination Committee to stand for re-election at the forthcoming annual general meeting of the Company.

The Board has adopted a board diversity policy in accordance with the CG Code. The policy aims to achieve diversity on the members of the Board. In designing the Board's composition, a number of aspects would be considered, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

As at the date of this report, the Board comprises ten male Directors and one female Director. To ensure gender diversity of the Board in a long run, the Group will seek to identify and select several female individuals with a diverse range of skills, experience and knowledge in the field of the Group's business from time to time, and maintain a list of such female individuals who possess qualities to become the Board members in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

The workforce of the Group (including its senior management) comprised approximately 61% male employees and 39% female employees as at 31 December 2022. Due to the nature of work in the industries which the Group conducts its business, the Group mainly considers factors such as the candidates' ability and experience, rather than their gender, in recruiting employees.

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E. COMMUNICATION WITH SHAREHOLDERS

The Board endeavours to maintain an on-going dialogue with Shareholders. All Directors are encouraged to attend the general meetings to have personal communication with Shareholders. In annual general meeting, Chairman of the Board and the chairman of each committee are required to attend and answer questions from Shareholders in respect of the matters that they are responsible and accountable for. The external auditor is also required to be present to assist the Directors in addressing any relevant queries by Shareholders. The Company has also set up a public relations website which enables the Shareholders and public to post their questions, comments and opinions in relation to the Group to the Board.

The Company's annual general meeting ("AGM") and extraordinary general meeting ("EGM") provide good opportunities for Shareholders to air their views and ask Directors and management questions regarding the Company. All Shareholders receive the annual report, circulars and notices of AGM and EGM and other corporate

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F. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, pursuant to the Company's articles of association, Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an EGM by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board. Contact details are as follows:

Address: 23/F, Delta House
3 On Yiu Street
Shek Mun
Shatin, N.T.
Hong Kong
Fax: (852) 2691 0445/2691 5245
Email: enquiry@kingboard.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

During the year under review, the Company has not made any changes to its articles of association.

An up to date version of the Company's articles of association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Company's articles of association for further details of their rights.

All resolutions put forward at Shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.kingboard.com) immediately after the relevant general meetings.

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INDEPENDENT AUDITOR'S REPORT

TO THE shareholders OF
KINGBOARD HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kingboard Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 75 to 260, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 56.690hs6T>F sj 0.3.69lidatedters that text of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter ëŸ2 +°	How our audit addressed the key audit matter ¢AY2 ½ ÁëŸ2 +°† ˆ#

Assessment of net realisable values of properties held for development (“PHD”)
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We identified the assessment of net realisable values of PHD as a key audit matter due to the significance of the amount and estimation uncertainty involved in determining their net realisable values.

The carrying value of the Group’s PHD amounted to HK$16.9 billion as at 31 December 2022. The Group’s PHD are all situated in Hong Kong and the People’s Republic of China (the “PRC”).

As disclosed in Notes 4 and 26 to the consolidated financial statements, the net realisable values of the PHD are determined by reference to the estimated future selling prices less estimated costs of completion and costs necessary to make the sale. The future selling prices are estimated by reference to the recent selling prices of similar properties in the same project or relevant locations. In addition, the management estimates the future costs to complete the PHD and costs necessary to make the sale by reference to the actual development costs and selling expenses incurred and the completion status.

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Our procedures in relation to the assessment of net realisable values of PHD included:

- Evaluating the reasonableness of the costs recognised in PHD, on a sample basis, by obtaining the direct confirmations from independent qualified surveyors in respect of the costs incurred and the completion status;
- Assessing the appropriateness of the estimated future selling prices of the PHD, on a sample basis, by comparing them to recent transaction prices of similar properties in the same project or relevant locations, based on our knowledge of the property markets of the relevant locations; and
- Evaluating the reasonableness of the estimated future costs to completion of the PHD and costs necessary to make the sale, on a sample basis, based on the actual development costs and selling expenses incurred and the completion status of the properties of the Group with the adjustments, taking into account the current market data and the past history of the similar projects.

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KEY AUDIT MATTERS (continued)

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Key audit matter
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Valuation of investment properties
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We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgements and complex estimates required in determining the fair values.

The Group's investment property portfolio comprises commercial, residential and industrial properties located in Hong Kong, the PRC and the United Kingdom, which was stated at fair value of HK$23.5 billion as at 31 December 2022 with a loss on fair value change of HK$147.6 million recognised in the consolidated statement of profit or loss for the year then ended.

The Group's investment properties are stated at fair value based on valuations performed by an independent qualified valuer (the "Valuer"). The valuation committee of the Group work closely with the Valuer to determine the appropriate valuation techniques and inputs for fair value measurements. The valuation was determined based on direct comparison by reference to market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustment factors. Details of the valuation techniques and key inputs used in the valuations are disclosed in Notes 4 and 14 to the consolidated financial statements.

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How our audit addressed the key audit matter
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Our procedures in relation to the management's valuation of investment properties included:

- Understanding management's process over the valuation of investment properties, including the involvement of the Valuer;
- Evaluating the competence, capability, and objectivity of the Valuer;
- Understanding the valuation techniques and key inputs applied on selected investment properties by holding discussion with the management and the Valuer;
- Evaluating the appropriateness of the Valuer's valuation technique to assess if they meet the requirements of the HKFRSs and industry norms; and
- Evaluating the reasonableness of the price per square metre of comparable properties and adjusting factors of selected investment properties underpinning the valuation, based on available market data.

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OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Tsang Chi Wai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

		NOTES • W	2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Revenue	8 X	5	49,375,901	56,755,274
Cost of sales and services rendered	V / ¿ d 6 Ó I		(37,002,817)	(37,933,659)
Gross profit	ã ;		12,373,084	18,821,615
Other income, gains and losses	I ü ×] e × B ¿ f &	7	222,718	(71,523)
Distribution costs	± V Ó I		(1,407,916)	(1,342,586)
Administrative costs	A Ó I		(2,334,871)	(2,382,744)
(Loss) gain on fair value changes of equity instruments at fair value through profit or loss	2 ® ; =] & B ˜ Æ B ˆ H ˜ ® ; = € f & B		(222,507)	210,029
Gain on disposal of debt instruments at fair value through other comprehensive income	/ 2 ® ; =] I ü Œ & × B ˜ À ˆ H ˜ × B		114,266	117,086
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income	k , ¦ r f & | Ì ° h 2 ® ; =] I ü × B ˜ À ˆ H ˜ ¯ = f &		(1,579,000)	–
(Loss) gain on fair value changes of investment properties	³ J 8 ® ; = ˜ € f & B	14	(147,559)	14,388
Gain on disposal of a subsidiary	/ S • • n ® ! ˜ × B	35	–	224,180
Finance costs	D Ó I	8	(504,272)	(275,481)
Share of results of joint ventures	Ð & ¥ ® ! 8 6		81,481	83,829
Share of result of an associate	Ð & L ® ! 8 6		181,648	177,867
Profit before taxation	ð ü Ã P ;		6,777,072	15,576,660
Income tax expense	Ô { ü š Õ	9	(2,588,518)	(3,022,599)
Profit for the year	I Ë P ;	10	4,188,554	12,554,061
Profit for the year attributable to:	I Ë P ; Ð & … X j			
Owners of the Company	I ® ! 5 Þ [		3,655,220	10,778,032
Non-controlling interests	¢ › p Æ B		533,334	1,776,029
			4,188,554	12,554,061
Earnings per share	Ê p ® ;	13		
– Basic	Ñ ? I		HK$3.297 ¥ ©	HK$9.729 ¥ ©
– Diluted	Ñ Å [		HK$3.297 ¥ ©	HK$9.724 ¥ ©

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Profit for the year	I Ë P ;	[redacted]	12,554,061
Other comprehensive (expense) income for the year	I Ë I ü Œ & š Õ B		
Item that will not be reclassified to profit or loss:	” 6 — - ± ó & B ˜ ° f j		
Translation reserve:	Ò 3 · ê j		
Exchange differences arising from translation to presentation currency	ª ± Q O ¬ Æ þ * [˜ Ò 3 ¨ X	[redacted]	1,120,474
Items that may be reclassified subsequently to profit or loss:	Ð 6 õ I — - ± ó & B ˜ ° f j		
Investment revaluation reserve:	³ · ê j		
Fair value loss on debt instruments at fair value through other comprehensive income	2 ® ; =] I ü Œ & × B ˜ À ˆ H ˜ ® ; = f &	[redacted]	(1,278,432)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	ª / 2 ® ; =] I ü Œ & × B ˜ À ˆ H þ - ± ó & B	[redacted]	(117,086)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	k , ¦ r f & | Ì ° h 2 ® ; =] I ü Œ & × B ˜ À ˆ H ˜ ¯ = f &	[redacted]	–
Translation reserve:	Ò 3 · ê j		
Exchange differences arising from translation of foreign operations	ª ± Q . ® ¾ þ * [˜ Ò 3 ¨ X	[redacted]	36,547
		[redacted]	(1,358,971)
Other comprehensive expense for the year	I Ë I ü Œ & š Õ	[redacted]	(238,497)
Total comprehensive income for the year	I Ë Œ & × B < X	[redacted]	12,315,564
Total comprehensive income for the year attributable to:	I Ë Œ & × B < X Ð & … X j		
Owners of the Company	I ® ! 5 Þ [	[redacted]	10,453,054
Non-controlling interests	¢ › p Æ B	[redacted]	1,862,510
		[redacted]	12,315,564

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		NOTES • W	2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Non-current assets	¢ t *			
Investment properties	³ J 8	14	23,449,630	21,820,016
Property, plant and equipment	J 8 e @ Ò ¿ £ ê	15	17,055,297	15,598,376
Right-of-use assets	4 \ Æ *	16	1,910,795	1,840,942
Goodwill	‘	17	2,670,528	2,670,528
Intangible assets	Ì – *	18	41,400	47,880
Interest in an associate	õ L ® ! ˜ Æ B	19	532,059	563,247
Interests in joint ventures	õ ¥ ® ! ˜ Æ B	20	2,369,699	2,598,657
Equity instruments at fair value through profit or loss	2 ® ; =] & B ˜ Æ B ˆ H	21	1,855,832	4,403,025
Debt instruments at fair value through other comprehensive income	2 ® ; =] I ü Œ & × B ˜ À ˆ H	22	607,631	617,950
Loan receivable	Ð × r ›	23	–	1,880,000
Entrusted loans	‰ Ö r ›	27(a)	238,863	331,126
Deposits paid for acquisition of property, plant and equipment	… o J 8 e @ Ò ¿ £ ê ˜ Š ù –		1,313,750	1,176,731
Deferred tax assets	È · ü ° *	24	2,577	2,294
			52,048,061	53,550,772
Current assets	t *			
Inventories	À ¬	25	3,511,514	3,913,206
Properties held for development	ï • J 8	26	16,896,546	19,675,817
Trade and other receivables and prepayments	q ø ¿ I ü Ð × * › ¿ k ù › °	27(a)	8,221,655	11,474,250
Bills receivables	Ð × C ½	27(b)	3,128,233	5,103,644
Loan receivable	Ð × r ›	23	1,880,000	–
Equity instruments at fair value through profit or loss	2 ® ; =] & B ˜ Æ B ˆ H	21	4,685,245	4,139,071
Debt instruments at fair value through other comprehensive income	2 ® ; =] I ü Œ & × B ˜ À ˆ H	22	22,302	416,505
Taxation recoverable	× « ü °		76,159	30,146
Restricted bank deposits	a " S Õ À ›	27(c)		

		NOTES • W	[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Current liabilities	t À		[redacted]	
Trade and other payables	q ø ¿ I ü Ð ù * ›	28	[redacted]	7,046,191
Bills payables	Ð ù C ½	28	[redacted]	728,144
Contract liabilities	¥ Ò À	28	[redacted]	5,301,996
Dividends payable	Ð ù p ¹		[redacted]	866,769
Taxation payable	Ð ® ü °		[redacted]	2,161,015
Bank borrowings	Õ > r	29	[redacted]	
– amount due within one year	Ñ S Ë « Q , ˜ › °		[redacted]	10,737,949
Lease liabilities	a # À	30	[redacted]	3,969
			[redacted]	26,846,033
Net current assets	t * =		[redacted]	23,418,963
Total assets less current liabilities	* < = ¯ t À		[redacted]	76,969,735
Non-current liabilities	¢ t À		[redacted]	
Deferred tax liabilities	È · ü ° À	24	[redacted]	612,023
Bank borrowings	Õ > r	29	[redacted]	
– amount due after one year	Ñ S Ë Q , ˜ › °		[redacted]	7,667,985
Lease liabilities	a # À	30	[redacted]	6,434
			[redacted]	8,286,442
Net assets	* =		[redacted]	68,683,293
Capital and reserves	p I ¿ · ê		[redacted]	
Share capital	p I	31	[redacted]	110,879
Reserves	· ê		[redacted]	62,906,293
Equity attributable to owners of the Company	I ® ! 5 Þ [Ð & Æ B		[redacted]	63,017,172
Non-controlling interests	¢ › p Æ B	33	[redacted]	5,666,121
Total equity	I < X		[redacted]	68,683,293

The consolidated financial statements on pages 75 to 260 were approved and authorised for issue by the board of directors on 27 March 2023 and are signed on its behalf by:

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Cheung Kwok Wing
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DIRECTOR
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Chang Wing Yiu
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DIRECTOR
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company													
	Share capital	Share premium	Capital redemption reserve	Share-based payments reserve	Special surplus account	Statutory reserve	Property revaluation reserve	Goodwill reserve	Investment revaluation reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Note a)	HK$'000 (Note b)	HK$'000 (Note c)	HK$'000 (Note d)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2021	110,579	6,565,860	1,911	13,577	10,594	1,941,099	280,581	1,291,027	(143,962)	2,837,405	42,956,232	55,864,903	4,933,803	60,798,706
Profit for the year	–	–	–	–	–	–	–	–	–	–	10,778,032	10,778,032	1,776,029	12,554,061
Fair value loss on debt instruments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	(1,246,526)	–	–	(1,246,526)	(31,906)	(1,278,432)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	(110,521)	–	–	(110,521)	(6,565)	(117,086)
Exchange differences arising from translation to presentation currency	–	–	–	–	–	–	–	–	–	997,492	–	997,492	122,982	1,120,474
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	–	34,577	–	34,577	1,970	36,547
Total comprehensive (expense) income for the year	–	–	–	–	–	–	–	–	(1,357,047)	1,032,069	10,778,032	10,453,054	1,862,510	12,315,564
Issue of new shares from exercise of share options	300	65,099	–	(13,487)	–	–	–	–	–	–	–	51,912	–	51,912
Final dividend for the year ended 31 December 2020 (Note 12)	–	–	–	–	–	–	–	–	–	–	(1,107,292)	(1,107,292)	–	(1,107,292)
Special final dividend for the year ended 31 December 2020 (Note 12)	–	–	–	–	–	–	–	–	–	–	(1,107,292)	(1,107,292)	–	(1,107,292)
Interim dividend for the year ended 31 December 2021 (Note 12)	–	–	–	–	–	–	–	–	–	–	(620,924)	(620,924)	–	(620,924)

(620,924j -119.102r e(pisi17.3723.8addi17.3yeaithe ests2739 329.2964 Tm (9.5 /T 243r 2021 (N308 262.7964 Tm (31 Decem340 0 7 66.3in subsidiari)Tj 1 Tf 146(b)376 1.314 Td <0FDA0407025A0F67025A03D7/T1_1 9D166E02AE03211558032ETf 3.9420 0 7 175.697 290.9954 Tm (1.72.99243r1 Tf 3.85 0 0 7

Balance at 1 January 2022	õZgZZË SÜSÚˇ q
Profit for the year	lË P;
Fair value loss on debt instruments at fair value through other comprehensive income	2®;=]lü Œ&×BˇÀ ˆHˇ ®;=f&
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	ª /2®;=]lü Œ&×BˇÀ ˆH þ -±ó &B
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	k,¦rf&|Ì°h 2®;=]lüŒ& ×BˇÀ ˆHˇ ¯=f&
Exchange differences arising from translation to presentation currency	ª±Q O ¬Æ þ*[ˇÒ3¨X
Exchange differences arising from translation of foreign operations	ª±Q.®¾ þ*[ˇÒ3¨X
Total comprehensive income (expense) for the year	lË Œ&×BÆšÕ• <X
Recognition of equity-settled share-based payments (Note 32)	½©øÆB QYp… –Ìù€•W32•
Final dividend for the year ended 31 December 2021 (Note 12)	Ú ZgZSËdZÜ gdSÚßË ˜ K,p€•W12•
Interim dividend for the year ended 31 December 2022 (Note 12)	Ú ZgZZËdZÜ gdSÚßË ˜ •,p€•W12•
Dividends paid to non-controlling shareholders of subsidiaries	Õùš•n®!ˇ ¢›pp ˇp¹
Capital contribution from non-controlling shareholders of a subsidiary	•n®!¢›pp X
Transfers to reserve	7a ·ê
Balance at 31 December 2022	õZgZZËdZÜ gdSÚˇ q

Notes: • W j

(a) Special surplus account represents the difference between the nominal amount of the shares issued by the Company and the nominal amount of the issued share capitals of the subsidiaries which were acquired by the Company under the Group reorganisation in 1993.

(b) Statutory reserve comprises statutory fund, which is non-distributable, represents capitalisation of retained profits of certain subsidiaries established in the People's Republic of China ("PRC") for capital re-investment in these subsidiaries and funds shall be used to (i) make up prior year losses or (ii) expand production operations.

(c) The property revaluation reserve of the Group represents the gain on revaluation of certain properties of the Group for own use as a result of transfer of those properties from property, plant and equipment to investment properties.

(d) Goodwill reserve represents the effects of changes in ownership in certain subsidiaries when there is no change in control.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

		NOTES • W	[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
OPERATING ACTIVITIES	¾ z			
Profit before taxation	ð ü Ã P ;		[redacted]	15,576,660
Adjustments for:	Æ j			
Share of results of joint ventures	Ð & ¥ ® ! 8 6		[redacted]	(83,829)
Share of result of an associate	Ð & L ® ! 8 6		[redacted]	(177,867)
Depreciation of property, plant and equipment	J 8 e @ Ò ¿ £ ê ˜ ±		[redacted]	1,893,522
Depreciation of right-of-use assets	4 \ Æ * ±		[redacted]	46,294
Amortisation of intangible assets	Ì – * Å V		[redacted]	6,480
Impairment loss under expected credit loss model on trade receivables, net of reversal	k , ¦ r f & | Ì h q ø Ð × * › Y ¯ = f & d Ô ð a «		[redacted]	93,136
Finance costs	D Ó I		[redacted]	275,481
Interest income on bank balances, deposits, entrusted loans and loan receivable	Õ q e À › e ‰ Ä r › ¿ Ð × r › ˜ ; ¹ ×]		[redacted]	(92,885)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income	k , ¦ r f & | Ì ° h 2 ® ; =] I ü × B ˜ À ˆ H ˜ ¯ = f &		[redacted]	–
Loss (gain) on fair value changes of equity instruments at fair value through profit or loss	2 ® ; =] & B ˜ Æ B ˆ H ˜ ® ; = f &€ × B •		[redacted]	(210,029)
Gain on disposal of debt instruments at fair value through other comprehensive income	/ 2 ® ; =] I ü Œ & × B ˜ À ˆ H ˜ × B		[redacted]	(117,086)
Loss (gain) on fair value changes of investment properties	³ J 8 ® ; = ˜ f &€ × B •		[redacted]	(14,388)
Loss on disposal and written off of property, plant and equipment	/ ¿ Û V J 8 e @ Ò ¿ £ ê f &		[redacted]	197,802
Share-based payments	p … – Ì ù ›		[redacted]	–
Write-down of inventories	Û ¯ À ¬		[redacted]	326,679
Gain on disposal of a subsidiary	/ S • • n ® ! ˜ × B	35	[redacted]	(224,180)
Operating cash flows before movements in working capital	6 – Ã ˜ ¾ $ – t Ž		[redacted]	17,495,790
Increase in inventories	À ¬ #		[redacted]	(1,183,300)
Decrease (increase) in properties held for development	ï • J 8 ¯ Ç€ # •		[redacted]	(1,158,766)
Increase in restricted bank deposits	a " S Õ À › #		[redacted]	–
Decrease (increase) in trade and other receivables and prepayments	q ø ¿ I ü Ð × * › ¿ k ù › ° ¯ Ç€ # •		[redacted]	(2,927,504)
Decrease (increase) in bills receivables	Ð × C ½ ¯ Ç€ # •		[redacted]	(1,290,339)
Increase in equity instruments at fair value through profit or loss	2 ® ; =] & B ˜ Æ B ˆ H #		[redacted]	(1,610,959)
Decrease (increase) in debt instruments at fair value through other comprehensive income	2 ® ; =] I ü Œ & × B ˜ À ˆ H ¯ Ç€ # •		[redacted]	(30,986)
(Decrease) increase in trade and other payables	q ø ¿ I ü Ð ù * › € ¯ Ç #		[redacted]	1,438,293
(Decrease) increase in bills payables	Ð ù C ½€ ¯ Ç #		[redacted]	329,831
(Decrease) increase in contract liabilities	¥ Ò À€ ¯ Ç #		[redacted]	1,308,993

		NOTES • W	2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Cash generated from operations	¾ 8 Ô { $ –		13,276,919	12,371,053
Other income taxes paid	I ü Š ® Ô { ü		(32,836)	(44,109)
PRC Enterprise Income Tax ("EIT") paid	Š ® • 7 † 8 Ô { ü €̃ † 8 Ô { ü ™•		(1,450,271)	(2,421,511)
PRC Land Appreciation Tax ("LAT") paid	Š ® • 7 z ® # = ü €̃ z ® # = ü ™•		(605,056)	(151,462)
PRC withholding tax paid	Š ® • 7 k Ô ü		(333,725)	(225,714)
Hong Kong Profits Tax paid	Š ® 0 ¥ ; { ü		(270,116)	(28,286)
NET CASH FROM OPERATING ACTIVITIES	¾ z Ô { $ – X		10,584,915	9,499,971
INVESTING ACTIVITIES	³ z			
Purchase of property, plant and equipment	… o J 8 e @ Ò ¿ £ ê		(3,729,656)	(2,595,602)
Net cash outflow arising on acquisition of a subsidiary	× … S œ • n ® ! Y $ – t X	34	(2,797,468)	–
Deposits paid for acquisition of property, plant and equipment	… o J 8 e @ Ò ¿ £ ê ˜ Š ù –		(1,313,750)	(1,176,731)
Purchase of debt investments at fair value through other comprehensive income	… o 2 ® ; =] I ü Œ & × B ˜ À ³		(476,210)	(2,091,915)
Payments for right-of-use assets	4 \ Æ * ù ›		(251,129)	(145,500)
Net disposal (purchase) of equity investments at fair value through profit or loss	€̷ … o •2 ® ; =] & B ˜ Æ B ˆ H X		1,932,876	(1,059,597)
Proceeds from disposal or on maturity of debt instruments at fair value through other comprehensive income	/ 2 ® ; =] I ü Œ & × B ˜ À ˆ H€ Ð Q , • Ô { › °		591,502	2,013,361
Interest received	Š × ; ¹0e CÜ Cs2Q '7 q "1EP eHY íîÊÊìì 4 = × L ÀiÑfç =pC°k" P =Á ,-Y E X Ò&T…'5=Îíÿñ SÚ Ô { › °1,932,876			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

Except as described below, the application of the amendments to HKFRSs in the current year has 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.

Impacts on application of Amendments to HKAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 "Inventories" ("HKAS 2").

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2021.

The application of the amendments has had no impact on the Group's financial positions and performance.

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2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet cs 0 0 0 4Dgs E66>T10ATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (cunts t6>0.5 <05Tf 0.cludbut ave October5.0391ENTS TO

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2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)" (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at 31 December 2022, the Group's right to defer settlement for borrowings of HK$14,477,991,000 are subject to compliance with certain financial ratios within 12 months from the reporting date. Such borrowings were classified as non-current as the Group met such ratios at 31 December 2022. Upon the application of the 2022 Amendments, such borrowings will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date and such borrowing will still be classified as non-current.

Except as described above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group's other liabilities as at 31 December 2022.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” (“HKAS 12”) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in Note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group’s annual reporting period beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$8,631,000 and HK$9,189,000 respectively.

The application of the amendments is not expected to have significant impact on the financial positions and performance of the Group.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases" ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36 "Impairment of Assets" ("HKAS 36").

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Basis of consolidation (continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment related in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purpose and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Goodwill (continued)

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Investments in an associate and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Revenue from contracts with customers (continued)

Revenue from property investment will be accounted for accordance with HKFRS 16, whereas dividend income and interest income from investments will be accounted for in accordance with HKFRS 9.

A contract liability represents the Group's obligation to transfer goods, properties or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Revenue from contracts with customers (continued)

Existence of significant financing component (continued)

For contracts where the period between payment and transfer of the associated goods, properties or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods, properties or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leased properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property or inventory are presented within "investment properties" and "properties held for development" respectively.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Leases (continued)

The Group as a lessor (continued)

Classification and measurement of leases (continued)

Rental income from operating leases are recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the item is derecognised.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Properties held for development

Properties held for development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties held for development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

The Group transfers properties held for development to investment properties when there is a change of intention to hold the properties to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value at the date of transfer and its previous carrying amount is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost necessary to make the sale included incremental costs directly attributable to the sales and non-incremental costs which the Group must incur to make the sale.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Property, plant and equipment (continued)

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Artwork are stated at cost less impairment loss, if any. No depreciation is provided as the artwork are held primarily for office aesthetics with no intention to sell and are high value paintings with indefinite useful lives and estimated residual values of not less than their costs.

Depreciation is recognised so as to write off the cost of assets (other than freehold lands, artwork and property, plant and equipment under construction) less their residual value over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financii /position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Foreign currencies (continued)

On the disposal of a foreign operation (that is a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e.HK$) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to the Directors and employees of the Group

Equity-settled share-based payments to Directors and employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to the Directors and employees of the Group (continued)

At end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve. For share options that are vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, the deferred tax liabilities are not recognised if the temporary difference arisen from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold lands, which are always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable the right-of-use assets or the lease liabilities.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Taxation (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxation entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI") and dividend income from equity instruments which are derived from the Group's ordinary course of business are presented as revenue. Interest income from bank balances and deposits, entrusted loans and loan receivable are included in other income, gain and losses.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" ("HKFRS 3") applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the neaRS nati9m; 41 0.041 7c 0.033 22 -3.335 -2.824 Td [<025

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, bills receivables, entrusted loans, loan receivable, debt instruments at FVTOCI, restricted bank deposits and bank balances) and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively based on appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk of financial assets has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets (continued)

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bills payables, dividends payable and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting polices (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts liabilities are initially measured at their fair values. It is subsequently measured at the higher of:

(i) the amount of the loss allowance determined in accordance with HKFRS 9; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Deferred taxation on investment properties (Notes 14 and 24)

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios as at 31 December 2022, and concluded that the investment properties located in the PRC with carrying amount of HK$12,952,960,000 (2021: HK$13,671,330,000) are held under a business model which objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined the presumption that the carrying amounts of such investment properties are recovered entirely through sale is rebutted. As a result, the Group has not recognised deferred taxes on LAT in respect of changes in fair value of such investment properties but has recognised deferred tax on EIT on the assumption that these investment properties will be recovered through use.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated net realisable value on properties held for development (Note 26)

In determining whether write down should be made to the Group's properties held for development, the Group determined the net realisable values of the properties held for development by reference to the estimated selling price less estimated costs to completion of the properties and costs necessary to make the sale. The future selling prices are estimated by reference to the recent selling prices of similar properties in the same project or relevant locations. In addition, the management estimated the future costs to complete the properties held for development and costs necessary to make the sale by reference to the actual development costs and selling expenses incurred and the completion status. If the actual net realisable values on properties held for development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material write down may result. As at 31 December 2022, the carrying amount of properties held for development was HK$16,896,546,000 (2021: HK$19,675,817,000).

ECL for trade receivables (Notes 27(a) and 37)

Trade receivables that are credit-impaired are assessed for ECL individually, and the remaining trade receivables are assessed collectively based on shared credit risk characteristics by reference to the Group's internal credit ratings. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 37 and 27(a).

As at 31 December 2022, the carrying amount of trade receivables was HK$6,812,639,000 (2021: HK$9,579,364,000), net of allowance for credit losses of HK$1,176,760,000 (2021: HK$1,257,523,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

ECL for debt instruments at FVTOCI

During the year ended 2022, due to the defaults of a bond issuer in making payments of interest and principal for its indebtedness, the Directors considered there was a significant increase in credit risk in the debt instruments at FVTOCI issued by this issuer. The Group engaged an independent qualified valuer to assist in the estimation of the ECL provision on the debt instruments at FVTOCI issued by this issuer by determining an appropriate probability of default rate, the estimated loss given default rate of each debt instrument and forward-looking adjustments.

For the remaining debt instruments at FVTOCI issued by other bond issuers, the Directors considered that the credit risk on these investments is limited as the bonds securities listed on Singapore Exchange Securities Trading Limited ("SGX") and were issued by listed issuers in Hong Kong with good creditability. The Directors assess ECL on these debt instruments at FVTOCI based on the default rates published by major international credit rating agencies that are applicable to the respective debts instruments.

As at 31 December 2022, the carrying amounts of the Group's debt instruments at FVTOCI was HK$629,933,000 (2021: HK$1,034,455,000). Based on the assessment, the Group has recognised impairment loss under expected credit loss model of HK$1,579,000,000 (2021: nil) in profit or loss for the year ended 31 December 2022, details of which are disclosed in note 37(b).

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The Directors have a designated team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuer to perform the valuation of the Group's investment properties. At the end of each reporting period, the valuation committee of the Group work closely with the independent qualified valuer to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be observable, other than quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors. Any changes in the price per square metre in reference with recent transactions will affect the fair value of the investment properties of the Group. Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in Note 14. As at 31 December 2022, the carrying amount of investment properties was HK$23,449,630,000 (2021: HK$21,820,016,000).

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21,820,016,000 ¥ © f

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes (continued)

In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, changes in policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

In estimating the fair value of the Group's equity instruments at FVTPL and debt instruments at FVTOCI, the Group uses market-observable data to the extent it is available. For listed equity securities classified as equity instruments at FVTPL, the fair values of the listed securities are determined by reference to the quoted market bid prices available. For bond securities classified as debt instruments at FVTOCI, where Level 1 inputs are not available, the Directors assess the fair value of the Group's bond securities listed on the SGX and issued by listed issuers in Hong Kong based on quoted prices in the over-the-counter markets at the end of each reporting period. Where there is a material change in the fair value of the equity investments at FVTPL and debt instruments at FVTOCI, the causes of the fluctuations will be reported to the Directors. As at 31 December 2022, the carrying amount of equity instruments at FVTPL and debt instruments at FVTOCI were HK$6,541,077,000 and HK$629,933,000 (2021: HK$8,542,096,000 and HK$1,034,455,000) respectively. Notes 21, 22 and 37(c) provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the Group's equity instruments at FVTPL and debt instruments at FVTOCI.

5. 8 X

Analysis of revenue for the year is as follows:

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			2021 Z g Z S Ë HK$'000 w ¥ ©
Revenue recognised at a point in time	õ T S Û Ã ½ © Y 8 X	[redacted]	
Sales of chemicals	V / · ˆ * Ü		15,254,057
Sales of laminates	V / ' Ö &		24,349,097
Sales of PCBs	V / ™ O Þ)		13,600,778
Sales of properties	V / J 8		1,174,549
Others (Note i)	I ü€ • Wi •		427,176
Revenue recognised over time (Note ii)	‡ Û œ ½ © Y 8 X€ • Wii •		150,871
Revenue from contracts with customers	Ò ¥ Ò × B		54,956,528
Rental income (Note 41)	a – × Ɉ€ • W41 •		1,200,483
Interest income from debt instruments	À ˆ H ; ¹ ×]		273,535
Dividend income from equity instruments	Æ B ˆ H p ¹ ×]		324,728
			56,755,274

Notes:

• W j

(i) The amount mainly included sales of magnetic products of HK$380,631,000 (2021: HK$312,867,000).

(i) – X ô < > e * Ü V / 380,631,000 ¥ © € Z g Z S Ë j 312,867,000 ¥ © •f

(ii) Revenue recognised over time represents income from hotel accommodation.

(ii) ‡ Û œ ½ © Y 8 X 8 â ³ 8 ×] f

The revenue of the Group arising from sales of laminates, PCBs, chemicals and magnetic products is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from these sales is recognised when customer acceptance has been obtained, which is the point of time when the goods are delivered based on the agreed shipping terms and the location specified by the customers, and when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products.

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The revenue of the Group arising from sales of properties in the ordinary course of business is recognised at a point in time when the customer obtains control of the respective properties.

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Revenue from hotel accommodation are recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs.

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5. REVENUE (continued)

5. 8 X € ƒ •

Transaction price allocated to the remaining performance obligation for contracts with customers

All sales contracts, apart for sales of properties, have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligation for these contracts is not disclosed.

The transaction price allocated to the remaining performance obligations for sales of properties (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021 and the expected timing of recognising revenue are as follows:

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ð V / J 8 . d Ô Þ V / ¥ Ò a k , Ë , i ‰ S Ë Ð ø h f 0 ¥ Ì a _ Æ K15 î ª ¢ ± ã ¥ Ò q h 5 Ò ª , Y t ø ø " ² Þ £ f

õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú d V / J 8 ± ã q h 5 Ò ª € J : Ó Ð Å ± J : Ó •Y t ø ø ¿ k , ½ © 8 X Û œ ½ h j

		Sale of properties V / J 8	
		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Within one year	S Ë «		3,007,104
More than one year but not more than two years	S Ë ø j (" t @ G Ë		1,165,017
			4,172,121

6. SEGMENT INFORMATION

HKFRS 8 "Operating Segments" ("HKFRS 8") requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, who are the Chief Operating Decision Makers ("CODM"), in order to allocate resources to segments and to assess their performance. Specifically, the Group's reportable segments under HKFRS 8 are organised into six main operating divisions – (i) laminates, (ii) PCBs, (iii) chemicals, (iv) properties, (v) investments (mainly investment income from debt instruments at FVTOCI and equity instruments at FVTPL) and (vi) others (mainly including service income, manufacture and sale of magnetic products and hotel business).

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The accounting policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS consolidated

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6. SEGMENT INFORMATION (continued)

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(a) Segment revenue and results

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

(a) ± Å 8 X ¿ 8 6

ø h ‰ 2 a ± Å Œ ± ˜ I « 8 X ¿ 8 6 ˜ ± j

For the year ended 31 December 2022

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[redacted]

Segment revenue	± Å 8 X
External sales	Á . V / X
Inter-segment sales	± Å œ ˜ V / X
Total	<
Result	8 6
Segment results	± Å 8 6
Unallocated corporate income	J ± ã ˜ ® ! ×]
Unallocated corporate expenses	J ± ã ˜ ® ! Õ
Finance costs	D Ó I
Share-based payments	p … – Ì ù ›
Share of results of joint ventures	Ð & ¥ ® ! 8 6
Share of result of an associate	Ð & L ® ! 8 6
Profit before taxation	ð ü Ã P ;

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

For the year ended 31 December 2021

(a) ± Å 8 X ¿ 8 6 € ƒ •

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		Laminates	PCBs	Chemicals	Properties	Investments	Others	Eliminations	Consolidated
		' Ö &	™ O Þ)	· ˆ * Ü	J 8	³	l ü	Á V	] ¥
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		w ¥ ©	w ¥ ©	w ¥ ©	w ¥ ©	w ¥ ©	w ¥ ©	w ¥ ©	w ¥ ©
					(Note a)	(Note b)	(Note c)		
					€ • Wa •	€ • Wb •	€ • Wc •		
Segment revenue	± Å 8 X								
External sales	Á . V / X	24,349,097	13,600,778	15,254,057	2,375,032	598,263	578,047	–	56,755,274
Inter-segment sales	± Å œ ˜ V / X	4,856,646	–	1,123,194	–	–	10,894	(5,990,734)	–
Total	<	29,205,743	13,600,778	16,377,251	2,375,032	598,263	588,941	(5,990,734)	56,755,274
Result	8 6								
Segment results	± Å 8 6	8,319,819	1,056,506	3,976,326	1,531,604	925,375	(94,944)		15,714,686

6. SEGMENT INFORMATION (continued) 6. ± Å Ø € ƒ •

(b) Segment assets and liabilities (b) ± Å * ¿ À

The following is an analysis of the Group's assets and liabilities by reportable segments:

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At 31 December 2022 õ Z g Z Z Ë d Z Ü g d S Ú

[redacted]

Assets	*	[redacted]
Segment assets	± Å *	
Interest in an associate	õ L ®!˜ Æ B	
Interests in joint ventures	õ ¥ ®!˜ Æ B	
Unallocated assets	J ± ã ˜ *	
– Cash and cash equivalents/ Restricted bank deposits	Ñ $ – ¿ $ – = ° f J a " S Õ À ›	
– Deferred tax assets	Ñ È · ü ° *	
– Taxation recoverable	Ñ × « ü °	
– Others	Ñ l ü	
Consolidated total assets	] ¥ * < =	
Liabilities	À	
Segment liabilities	± Å À	
Unallocated liabilities	J ± ã ˜ À	
– Bank borrowings	Ñ Õ > r	
– Taxation payable	Ñ Ð ® ü °	
– Deferred tax liabilities	Ñ È · ü ° À	
– Others	Ñ l ü	
Consolidated total liabilities	] ¥ À < =	

6. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities (continued)

At 31 December 2021

(b) ± Å * ¿ À € ƒ •
õ Z g Z S Ë d Z Ü g d S Ú

		Laminates ' Ö & HK$'000 w ¥ ©	PCBs ™ O Þ) HK$'000 w ¥ ©	Chemicals · ˆ * Ü HK$'000 w ¥ ©	Properties J 8 HK$'000 w ¥ ©	Investments ³ HK$'000 w ¥ ©	Others l ü HK$'000 w ¥ ©	Consolidated] ¥ HK$'000 w ¥ ©
Assets	*							
Segment assets	± Å *	23,166,573	16,000,895	3,826,210	42,949,716	9,576,551	827,362	96,347,307
Interest in an associate	õ L ® ! ˜ Æ B							563,247
Interests in joint ventures	õ ¥ ® ! ˜ Æ B							2,598,657
Unallocated assets	J ± ã ˜ *							
– Cash and cash equivalents	Ñ $ – ¿ $ – = ° f							2,341,949
– Deferred tax assets	Ñ È · ü ° *							2,294
– Taxation recoverable	Ñ × « ü °							30,146
– Others	Ñ l ü							1,932,168
Consolidated total assets	] ¥ * < =							103,815,768
Liabilities	À							
Segment liabilities	± Å À	(3,591,061)	(2,944,720)	(1,146,094)	(5,244,452)	–	(67,140)	(12,993,467)
Unallocated liabilities	J ± ã ˜ À							
– Bank borrowings	Ñ Õ > r							(18,405,934)
– Taxation payable	Ñ Ð ® ü °							(2,161,015)
– Deferred tax liabilities	Ñ È · ü ° À							(612,023)
– Others	Ñ l ü							(960,036)
Consolidated total liabilities	] ¥ À < =							(35,132,475)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interest in an associate, interests in joint ventures, deferred tax assets, taxation recoverable, certain cash and cash equivalents and other assets; and

- all liabilities are allocated to operating segments other than bank borrowings, deferred tax liabilities, taxation payable and other liabilities.

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- ð Õ > r e È · ü ° À e Ð ® ü ° ¿ l ü À . d Ô Þ À i ± ã ¾ ± Å f

6. SEGMENT INFORMATION (continued)

6. ± Å Ø € ƒ •

(c) Other information

For the year ended 31 December 2022

(c) I ü Ø

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Amounts included in the measure of segment profit or loss or segment assets:

] ± Å & B Đ ± Å * Ž Y
– X j

[redacted]

Capital additions	I # ô
Depreciation of property, plant and equipment	J 8 e @ Ò ¿ £ ê ˜ ±
Depreciation of right-of-use assets	4 \ Æ * ±
Loss on fair value changes of equity instruments at FVTPL	2 ® ; =] & B Y Æ B ˆ H ® ; = f &
Gain on disposal of debt instruments at FVTOCI	/ 2 ® ; =] I ü Œ & × B Y À ˆ H × B
Impairment loss under ECL model on debt instruments at FVTOCI	k , ¦ r f & | Ì h 2 ® ; =] I ü Œ & × B ˜ À ˆ H Y ¯ = f &
Impairment loss reversed (recognised) under ECL model on trade receivables	k , ¦ r f & | Ì h 1 q ø Đ × * › a « € ½ © ˜ ¯ = f &
(Write-down) reversal of write-down of inventories	À « € Û ¯ Û ¯ a «
Interest income on bank balances, deposits, entrusted loans and loan receivable	Õ q e À › e ‰ Ä r › ¿ Đ × r › ˜ ; ¹ ×]
(Loss) gain on disposal and written off of property, plant and equipment	/ ¿ Û V J 8 e @ Ò ¿ £ ê € f & « B
Loss on fair value changes of investment properties	³ J 8 ® ; = ˜ f &

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6. SEGMENT INFORMATION (continued)

6. ± Å Ø € ƒ •

(c) Other information (continued)

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The following is an analysis of the Group's revenue from external customers by geographical location of the customers or tenants or in the case of interest income and dividend income, the principal place of business of the debtor or investee:

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		Year ended 31 December Ú d Z Ü g d S Ú ß Ë	
		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
The PRC (country of domicile)	• Æ I « ˜ Ô ¯ ® •	[redacted]	51,264,380
Other Asian countries (including Thailand, Japan, Korea and Singapore)	I ü - r 7 € < 7 e Ú I e µ 7 ¿ - } •	[redacted]	2,829,299
Europe	„ r	[redacted]	1,688,712
America	Õ r	[redacted]	972,883
		[redacted]	56,755,274

No single external customer of the Group contributed over 10% of the Group's revenue for each of the years ended 31 December 2022 and 2021.

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The geographical analysis of the Group's non-current assets other than loan receivable, entrusted loans, deferred tax assets, equity instruments at FVTPL and debt instruments at FVTOCI by location of assets is presented as follows:

ð Ð × r › e ‰ Ä r › e È · ü ° * e 2 ® ; =] & B Y Æ B ˆ H ¿ 2 ® ; =] I ü Œ & × B Y À ˆ H . d I « ¢ t * 2 * ® Ã ± O • ½ h j

		At 31 December õ d Z Ü g d S Ú	
		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
The PRC (country of domicile)	• Æ I « ˜ Ô ¯ ® •	[redacted]	39,531,761
United Kingdom	õ 7	[redacted]	6,419,901
Thailand	7	[redacted]	364,715
		[redacted]	46,316,377

		2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Other income, gains and losses includes:	I ü ×] e × B ¿ f & < j		
Interest income on bank balances and deposits	Õ q ¿ À › ˜ ; ¹ ×]	63,543	40,728
Interest income on entrusted loans	‰ Ä r › ˜ ; ¹ ×]	16,523	18,771
Interest income from loan receivable	Ð × r › ˜ ; ¹ ×]	159,800	33,386
Government grants (Note)	A ´ þ h€ • W •	75,056	81,157
Loss on disposal and written off of property, plant and equipment	/ ¿ Û V J 8 e @ Ò ¿ £ ê f &	(127,406)	(197,802)
Others	I ü	35,202	(47,763)
		222,718	(71,523)

Note: During the year ended 31 December 2022, the Group recognised government grants of HK$1,104,000 (2021: nil) which related to Employment Support Scheme provided by the Hong Kong government. The remaining government grants are related to unemployment insurance premium refunds, import of high technology products, development support and support for stabilising employment received by the Group from relevant government departments. There are no unfulfilled conditions attached to these grants.

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8. FINANCE COSTS

8. D Ó I

			2021
		[redacted]	Z g Z S Ë HK$'000 w ¥ ©
Interest on bank borrowings	Õ > r ; ¹		320,733
Imputed interest on contract liabilities	¥ Ò À ˜ Q ; ¹		19,103
Interest on lease liabilities	a # À ; ¹		577
Less: Amounts capitalised in the properties held for development	¯ j] ï • J 8 Y I · – X		(50,883)
Amounts capitalised in the construction in progress	¯ ˆ û Y I · – X		(14,049)
			275,481

Bank and other borrowing costs capitalised during the year include imputed interest on contract liabilities of HK$26,502,000 (2021: HK$19,103,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 3.65% (2021: 1.91%) per annum to expenditure on qualifying assets.

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¹ Ó I < ¥ Ò À ˜ Q ; ¹
‰26,502,000 ¥ © € Z g Z S Ë j
19,103,000 ¥ © •¿ S › > r ë * [˜
Õ > r Ó I d ø ¥ ø * š Õ Æ
; i I · Ë ; 3.65% € Z g Z S Ë j
1.91% • Q f

9. INCOME TAX EXPENSE

9. Ô { ü š Õ

			2021
		[redacted]	Z g Z S Ë HK$'000 w ¥ ©
The amount comprises:	ü ° < j		
PRC EIT	• 7 † 8 Ô { ü		2,716,917
PRC LAT	• 7 z ® # = ü		123,132
Hong Kong Profits Tax	0 ¥ ; { ü		32,795
Taxation arising in other jurisdictions	I ü ! , Æ ˜ ü °		32,461
Withholding tax in the PRC	• 7 k d ü		225,714
Overprovision in previous years	@ » Ë t X a ê		(29,917)
			3,101,102
Deferred taxation (Note 24)	È · ü ₠ • W24 •		(78,503)
			3,022,599

9. INCOME TAX EXPENSE (continued)

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

2 K̃ • 7 † 8 Ô { ü , ₸€ † 8 Ô { ü , ™¿ ¼ D â 7 d G H Ë õ • 7 • n ® ! ˜ † 8 Ô { ü ü ‰25% f

Under the EIT Law of the PRC, withholding tax of 5%–10% is imposed on dividends declared in respect of profits earned by subsidiaries in Mainland China from 1 January 2008 onwards. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years since it was officially endorsed. Certain subsidiaries of the Company in the PRC obtained official endorsement as a High-New Technology Enterprise ("Tax Concession") and with the expiry dates on or before 2024 (2021: 2023).

ì ½ † 8 Ô { ü , d Z g g ^ Ë S Ü S Ú Î d 1 ¯ • 7 7 « • n ® ! Ô ƒ _ Y ; — Ô | Y p ¹ D ×5% 10% Y k d ü f ì ½ † 8 Ô { ü , d ÷ - ¦ " † 8 I œ Ù © Î . Þ ‰ , g Ë Y 15% ü ´ I f I ® ! ð • • 7 • n ® ! œ Ù © › ‰ ÷ - ¦ " † 8€ ü ´ I ™d Q , Ú ‰ Z g Z , Ë Ð ˜ Ã € Z g Z S Ë j Z g Z g Ë f

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

d z ® # = ü a ê J 2 Þ ë • 7 ü , ¿ • Æ Ë Q f 2 z ® # = – X€ ì ½ J 8 V / ×] Ô 8 › \ Ÿ Ó I •ø] † ü 30% 60% ? _ ® t z ® # = ü f 8 › \ Ÿ Ó I ¢ › ‰ z ® Ó I d ï • ¿ Ó I d ¿ I ü ë õ Ò * ï • Y Ó I f 8 › \ Ÿ Ó I ¢ › ‰ z ® Ó I d ï • ¿ Ó I d ¿ I ü ë õ Ò * ï • Y Ó I f 2 k 7 • ü < … ˜ œ Ù ® S d V / J 8 Û Ð r ® z ® # = ü d Q Ò * ï • • Ó ' ½ © Ô { × B f

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

õ Z g S ^ Ë g Ü Z d S Ú d 0 ¥ m , 6 · @ Ỹ Z g S V Ë ü € L ₴ K7 î •â 7 £ é ₸€ â 7 £ é ™d â 7 £ é Ï] Y ; { ü G t S f , é õ Z g S ^ Ë g Ü Z d ^ Ú ¦ Ç Ó ‰ , d (õ ã Ú ¯ ® î f ì ½ ; { ü G t S d ¥ ø « ¼ Y / Z õ ¬ ¥ © ; — Z 28.25% D ü d þ t @ Z õ ¬ ¥ © Y ; — Æ ² 216.5% D ü f " L ¥ ; { ü G t S Y « ¼ Y ; — Z 1 ƒ 2 16.5% Y x › ü D ü f

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

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9. INCOME TAX EXPENSE (continued)

9. Ô { ü š Õ € ƒ •

Income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

I Ë ˜ Ô { ü š Õ ~] ¥ & B Œ ð ü Ã P ; ˜ Á * ½ h j

			2021 Z g Z S Ë HK$'000 w ¥ ©
		[redacted]	
Profit before taxation	ð ü Ã P ;	[redacted]	15,576,660
Tax charge at the domestic income tax rate of 25% (2021: 25%) (Note)	ø 7 « † 8 Ô { ü 25% € Z g Z S Ë j25% • Q ˜ ü € • W •	[redacted]	3,894,165
Tax effect of expenses not deductible for tax purpose	" Ô ü I \ ˜ ü B ¤	[redacted]	34,363
Tax effect of income not taxable for tax purpose	á ² ü × B ˜ ü B ¤	[redacted]	(131,724)
Tax effect of share of results of joint ventures	Ð & ¥ ® ! 8 6 ˜ ü B ¤	[redacted]	(20,957)
Tax effect of share of result of an associate	Ð & L ® ! 8 6 ˜ ü B ¤	[redacted]	(44,467)
PRC LAT	• 7 z ® # = ü	[redacted]	123,132
Tax effect of PRC LAT	• 7 z ® # = ü ˜ ü B ¤	[redacted]	(30,783)
Effect of withholding tax on dividend income from PRC subsidiaries	• 7 • n ® ! | ï p ¹ ×] G \ Y k d ü ˜ ü B ¤	[redacted]	225,714
Tax effect of Tax Concession	ü ´ I ˜ ü B ¤	[redacted]	(699,704)
Tax effect of tax losses not recognised	J š ½ © ü ° f & ˜ ü B ¤	[redacted]	50,078
Utilisation of tax losses previously not recognised	\ ø » J ½ © ˜ ü ° f &	[redacted]	(260,437)
Effect of withholding tax on undistributed profits attributable to the PRC subsidiaries	k Ô ü Á • 7 • n ® ! Ð & J ± | P ; Y B ¤	[redacted]	–
Effect of different tax rates of subsidiaries operating in other jurisdictions/areas other than the domestic income tax rate	ð 7 « † 8 Ô { ü . d õ I ü ! , Æ J ® ¾ • n ® ! ˜ " • ü ˜ B ¤	[redacted]	(86,864)
Overprovision in previous years	@ » Ë t X a ê	[redacted]	(29,917)
Income tax expense for the year	I Ë ˜ ü š Õ	[redacted]	3,022,599

Notes: The domestic income tax rate of 25% (2021: 25%) represents the PRC EIT of which the Group's operations are substantially based.

• W j 7 « † 8 Ô { ü ü 25% € Z g Z S Ë j25% •‰ I « } Å ± 8 Ô ¯ Y • 7 † 8 Ô { ü f

		2022	2021
		Z g Z Z Ë	Z g Z S Ë
		HK$'000	HK$'000
		w ¥ ©	w ¥ ©
Profit for the year has been arrived at after charging (crediting):	I Ë P ; Š ¾ Ô ðÊ] • ø h ° f j		
Auditor's remuneration	è p ª G –	10,185	10,185
Amortisation of intangible assets	Ì – * Å V	6,480	6,480
Cost of inventories sold	Š / À ¬ ˜ Ó I	33,814,727	36,857,799
Cost of properties sold	Š / J 8 ˜ Ó I	2,553,996	553,854
Depreciation of property, plant and equipment	J 8 e @ Ò ¿ £ ê ˜ ±	1,838,625	1,893,522
Depreciation of right-of-use assets	4 \ Æ * ±	45,892	46,294
Direct operating expenses in relation to investment properties (included in cost of sales and services rendered)	~ ³ J 8 ´ ë Y \ Ÿ 6 š Õ €] V / q d 6 Ó I •	210,953	195,327
Impairment loss under ECL model on trade receivables, net of reversal	k , ¦ r f & | Ì h q ø Ð × * › Y ¯ = f ðÊ Ô ð a « •	32,753	93,136
Net exchange (gain) loss	Ò ÐÊ × B ɬ & 8 X	(14,678)	59,534
Total staff costs, including directors' emoluments (Note 11)	p ˆ Ó I < X d < è + G – € • W11 •	4,285,891	4,399,421
Write-down of inventories, included in cost of sales	À ¬ Û ¯ d] V / Ó I	423,141	326,679

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

11. è + e A < R ¿ ‡ p G – € ƒ •

(a) Directors' emoluments (continued)

The emoluments paid or payable to each of the eleven (2021: twelve) Directors, including the chief executive, were as follows:

(a) è + G – € ƒ •

Š ù Đ Đ ù d S ¤€ Z g Z S Ë j d Z ¤ •è ·€ < A < R •˜ G – ½ h j

Fees	š –
Other emoluments:	l ü G – j
Salaries and other benefits	Z – ¿ l ü E ;
Contributions to retirement benefits scheme	× ~ E ; Œ 6 ›
Performance related incentive payment (Note i)	ˆ * Œ $ ´ ë ¤ ¸ › ° € • Wi •
Share-based payments (Note ii)	p … – Ì ù € • Wi •
Total emoluments	G – < X

[redacted]

(a) Directors' emoluments (continued)

	Cheung Kwok Wing HK$'000	Chang Wing Yiu HK$'000	Cheung Kwong Kwan HK$'000	Ho Yin Sang HK$'000	Cheung Wai Lin, Stephanie HK$'000 (Note iv)	Chen Maosheng HK$'000	Cheung Ka Shing HK$'000	Ho Kin Fan HK$'000	Cheung Ming Man HK$'000	Chan Wing Kee HK$'000	Chong Kin Ki HK$'000	Stanley Chung Wai Cheong HK$'000	Total HK$'000
	Year ended 31 December 2021												
	Executive directors								Independent non-executive directors				
Fees	–	–	–	–	–	–	–	–	240	480	300	360	1,380
Other emoluments:													
Salaries and other benefits	3,261	3,123	3,123	2,986	1,654	1,588	1,685	405	–	–	–	–	17,825
Contributions to retirement benefits scheme	–	156	156	149	83	79	84	20	–	–	–	–	727
Performance related incentive payment (Note i)	52,272	44,260	30,260	28,249	–	2,632	18,140	16,135	320	440	425	330	193,463
Total emoluments	55,533	47,539	33,539	31,384	1,737	4,299	19,909	16,560	560	920	725	690	213,395

Notes:

(i) The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics during both years.

(ii) During the year ended 31 December 2022, all directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 32 to the Group's consolidated financial statements.

(iii) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. Independent non-executive directors' emoluments shown above were mainly for their services as Directors.

(iv) Ms. Cheung Wai Lin, Stephanie resigned as executive director of the Company on 1 October 2021.

11. DIRECTORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

(continued)

11. è + e A < R ¿ ‡ p G –€ ƒ •

(b) Chief Executive’s emoluments

Mr. Chang Wing Yiu is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Neither the Chief Executive nor any of the Directors had waived or agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

(b) A < R G –

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Ú Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú ß Ë d ? Ì A < R Ð è + ó Ý Ð • ó Ý , G – f

(c) Employees’ emoluments

For the year ended 31 December 2022, four (2021: three) of the five highest paid employees are Directors and the Chief Executive.

Details of the emoluments of the remaining one (2021: two) highest paid individual(s) were as follows:

(c) ‡ p G –

Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë d ž ¤ ð ÷ Z – ‡ p • , ¤€ Z g Z S Ë j g ¤ ‰ è + q A < R f

q h S ¤€ Z g Z S Ë j G ¤ ð ÷ Z [{ Y G – 1 • ½ h j

			2021 Z g Z S Ë HK$’000 w ¥ ©
Salaries and other benefits	Z – ¿ I ü E ;	[redacted]	6,178
Contributions to retirement benefits scheme	× ~ E ; Œ 6 ›		309
Performance related incentive payment	ˆ * Œ $ ´ ë ¤ ¸ › °		74,515
Share-based payment	p … – Ì ù ›		–
Total emoluments	G – < X		81,002

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(continued)

(c) Employees' emoluments (continued)

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

(c) ‡ p G – € ƒ •

¢ è + Y ð ÷ Z ‡ p • d Z G n õ ø h ×] I Y [p ½ h j

			2021 Z g Z S Ë No. of employees ‡ p [p
HK$15,000,000 to HK$20,000,000	15,000,000 ¥ © 20,000,000 ¥ ©	[redacted]	–
HK$25,000,000 to HK$30,000,000	25,000,000 ¥ © 30,000,000 ¥ ©		–
HK$30,000,000 to HK$35,000,000	30,000,000 ¥ © 35,000,000 ¥ ©		1
HK$45,000,000 to HK$50,000,000	45,000,000 ¥ © 50,000,000 ¥ ©		1
			2

During the years ended 31 December 2022 and 2021, no emoluments were received to or receivable by the Directors or the Group's five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

Ú Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú ß Ë d è + Ð I « ž ¤ ð ÷ Z [{€ < è + •? Ì Š × Ð Ð × , G – d * ‰ V Ï ¾ ' Ð ' Û Õ ù ˜ ¤ ¸ Ð * ‰ N ˜ þ µ f

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

As disclosed in Note 45, the Group entered into sale and purchase transactions with the directors and subsidiaries of a shareholder with significant influence on the Group. The price is to be determined and agreed between the parties from time to time with reference to the prevailing market price.

Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, Mr. Cheung Kwong Kwan and Mr. Ho Yin Sang, the executive directors, are interested in these transactions to the extent that they have beneficial interests in these companies.

Save for the aforementioned transaction, no other significant transactions, arrangements and contracts to which the Company or the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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B è + u 7 ò ‹ [e M Q 4 ‹ [e u ? ‹ [¿ ò [‹ [õ ® ! • ¹ Þ ¼ B Æ B d ª þ õ ä t ø • ¹ Þ Æ B f

ð j t ø . d õ Ë K Ð Ë « , Û œ I ® ! è + ? Ì õ I ® ! Ð I « ‰ I • S Ù ˜ I ü t ø e Ä ° ¿ ¥ Ò • ¹ Þ , } \ Ÿ Ð œ Ÿ Æ B f

12. DIVIDENDS

12. p ¹

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Dividends declared and/or paid	Š | ¿ J Ð Š | ù p ¹		
2022 Interim dividend of HK30 cents (2021: HK56 cents) per ordinary share	Z g Z Z Ë • , p ¹ Ê p w · p 30 ¥ € Z g Z S Ë j56 ¥ •		620,924
2021 Final dividend of HK244 cents (2020: HK100 cents) per ordinary share	Z g Z S Ë K , p ¹ Ê p w · p 244 ¥ € Z g Z g Ë j100 ¥ •		1,107,292
2020 Special final dividend of HK100 cents per ordinary share	Z g Z g Ë $ 9 K , p ¹ Ê p w · p100 ¥		1,107,292
			2,835,508

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Dividends proposed	D p ¹		
2022 Final dividend of HK75 cents (2021: HK244 cents) per ordinary share	Z g Z Z Ë K , p ¹ Ê p w · p 75 ¥ € Z g Z S Ë j244 ¥ •		2,705,452

The final dividend of HK75 cents per ordinary share amounted to HK$831,594,000 in respect of the year ended 31 December 2022 (2021: final dividend of HK244 cents per ordinary share amounted to HK$2,705,452,000 in respect of the year ended 31 December 2021) have been proposed by the Directors and are subject to the approval by the shareholders of the Company in the forthcoming annual general meeting.

è + D 1 Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë \| ï K , p ¹ Ê p w · p75 ¥ d – X ‰831,594,000 ¥ ©€ Z g Z S Ë j 1 Ú Z g Z S Ë d Z Ü g d S Ú ß Ë þ d K , p ¹ Ê p w · p 244 ¥ d – X ‰ 2,705,452,000 ¥ © •d " ² I ® ! p õ Ð £ p „ Ë } 6 - X d Ù * ¼ f

13. EARNINGS PER SHARE

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

I ® ! 5 Þ [Ð & Ê p ? I ¿ Å [® ;
2 h • p ½ Q j

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Earnings for the purpose of basic and diluted earnings per share	Ê p ? I ¿ Å [® ; ˜ ® ;		10,778,032

		Number of shares p … p f	
		[redacted]	2021 Z g Z S Ë
Weighted average number of ordinary shares for the purpose of basic earnings per share	Ê p ? I ® ; ˜ w · p Æ ; i p		1,107,797,215
Effect of dilutive potential ordinary shares arising from share options	ª … p Æ ¬ ç Y H ' ¯ Å [Ö Ð ˜ w · p ˜ B ¤		546,129
Weighted average number of ordinary shares for the purpose of diluted earnings per share	Ê p Å [® ; ˜ w · p Æ ; i p		1,108,343,344

14. INVESTMENT PROPERTIES

14. ³ J 8

		HK$'000 w ¥ ©
FAIR VALUE	® ; =	
At 1 January 2021	õ Z g Z S Ë S Ü S Ú	20,053,947
Exchange adjustments	Ò 3 Æ	338,222
Transfer from properties held for development (Note)	7 a ï • J 8€ • W •	1,208,029
Transfer from property, plant and equipment (Note)	7 a J 8 e @ Ò ¿ £ ê€ • W •	205,430
Gain on fair value changes	® ; = × B	14,388
At 31 December 2021	õ Z g Z S Ë d Z Ü g d S Ú	21,820,016
Exchange adjustments	Ò 3 Æ	(1,599,341)
Acquired on an acquisition of a subsidiary (Note 34)	ª × … S œ • n ® ! þ € • W34 •	2,834,721
Disposals	/	(42,155)
Transfer from properties held for development (Note)	7 a ï • J 8€ • W •	583,948
Loss on fair value changes	® ; = f &	(147,559)
At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú	23,449,630

Note: Certain properties held for development (2021: properties held for development and property, plant and equipment) were reclassified to investment properties upon changing in use as evidenced by inception of operating leases to independent third parties (see Notes 15 and 26). There was no material fair value change upon the transfer from properties held for development and property, plant and equipment to investment properties.

• W j ª ~ ù m K g Ù š • ¾ a # J 8 ˜ \ Ä d ð • ï • J 8€ Z g Z S Ë j ï • J 8 ¿ J 8 e @ Ò ¿ £ ê • - ± ó ³ J 8€ • W15 q 26• ï • J 8 ¿ J 8 e @ Ò ¿ £ ê 7 a ³ J 8 Û ® ; = (Ì } f

The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for a fixed period of 1 to 25 years (2021: 1 to 25 years).

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The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

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14. INVESTMENT PROPERTIES (continued)

In determining the fair value of the relevant properties, the Directors have set up a valuation committee, which is headed up by the persons in charge of financial matters of the Group, to determine the appropriate valuation techniques and inputs for fair value measurements.

The Group engages an independent qualified valuer to perform its valuations. The valuation committee works closely with the independent qualified valuer to establish the appropriate valuation techniques and inputs to the model. The persons in charge of financial matters report the valuation committee's findings to the Directors every quarter to explain the cause of fluctuations in the fair value of the assets.

The Group's investment properties were classified as Level 3 of the fair value hierarchy as at 31 December 2022 and 2021.

The fair value of the Group's investment properties at 31 December 2022 and 2021 had been arrived at on the basis of a valuation carried out by Ravia Global Appraisal Advisory Limited, an independent qualified valuer not connected to the Group. Ravia Global Appraisal Advisory Limited is a member of the Hong Kong Institute of Surveyors. The valuation was determined based on direct comparison method by reference to the market transactions of similar properties taking in consideration of timing of reference transactions, and property-specific adjustment factors. There has been no change from the valuation technique used in prior years.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation technique and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

14. INVESTMENT PROPERTIES (continued) 14. ³ J 8 € ƒ •

Investment properties held by the Group in the consolidated statement of financial position I « õ] ¥ Ì K 1 Œ 5 Þ ˜ ³ J 8	Fair value hierarchy ® ; = V ô t 9	Valuation techniques and key inputs = ¦ " ¿ ô i] p ½	Significant unobservable inputs } " H À i] p ½	Sensitivity ½
Hong Kong 0 ¥				
Industrial properties in Hong Kong	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from HK$39,493 to HK$55,962 (2021: HK$41,244 to HK$51,742) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ 0 ¥ Y ˆ @ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Ý Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷39,493 ¥ © 55,962 ¥ ©€ Z g Z S Ë j41,244 ¥ © 51,742 ¥ © ƒ	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f
Commercial properties in the New Territories, Hong Kong	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from HK$53,120 to HK$62,323 (2021: HK$57,061 to HK$57,213) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ 0 ¥ - ¢ Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Ý Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷53,120 ¥ © 62,323 ¥ ©€ Z g Z S Ë j57,061 ¥ © 57,213 ¥ © ƒ	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f

14. INVESTMENT PROPERTIES (continued) 14. ³ J 8 € ƒ •

Investment properties held by the Group in the consolidated statement of financial position I « õ] ¥ Ì K 1 Œ 5 Þ ˜ ³ J 8	Fair value hierarchy ® ; = V ô t 9	Valuation techniques and key inputs = ¦ " ¿ ô i] p ½	Significant unobservable inputs } " H À i] p ½	Sensitivity ½
Commercial properties in Hong Kong Island, Hong Kong	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from HK$193,890 to HK$220,660 (2021: HK$193,680 to HK$219,937) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ 0 ¥ 0 ¥ ¥ Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷193,890 ¥ © 220,660 ¥ ©€ Z g Z S Ë j 193,680 ¥ © 219,937 ¥ © ƒ	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f
The PRC • 7				
Commercial properties in Shanghai	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from RMB25,371 to RMB30,000 (2021: RMB29,889 to RMB30,930) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ j Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷ [O Æ25,371 © [O Æ30,000 ©€ Z g Z S Ë j [O Æ29,889 © [O Æ 30,930 ©•	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f

14. INVESTMENT PROPERTIES (continued) 14. ³ J 8 € ƒ •

Investment properties held by the Group in the consolidated statement of financial position l « õ] ¥ Ì K 1 Œ 5 Þ ˜ ³ J 8	Fair value hierarchy ® ; = V ô t 9	Valuation techniques and key inputs = ¦ " ¿ ô i] p ½	Significant unobservable inputs } " H À i] p ½	Sensitivity ½
Residential properties in Shanghai	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from RMB129,496 to RMB195,853 (2021: RMB122,053 to RMB174,298) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ j Y Ã J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ l ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷ [O Æ129,496 © [O Æ195,853 ©€ Z g Z S Ë j [O Æ122,053 © [O Æ174,298Ð•	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f
Commercial properties in Guangzhou	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustment factors such as location, road frontage, size of property and conditions of the property	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from RMB14,285 to RMB29,000 (2021: RMB22,000 to RMB28,000) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ ? È Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ J 8 K 1	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ l ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷ [O Æ14,285 © [O Æ29,000 ©€ Z g Z S Ë j [O Æ22,000 © [O Æ 28,000Ð•	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f

14. INVESTMENT PROPERTIES (continued) 14. ³ J 8 € ƒ •

Investment properties held by the Group in the consolidated statement of financial position I « õ] ¥ Ì K 1 Œ 5 Þ ˜ ³ J 8	Fair value hierarchy ® ; = V ô t 9	Valuation techniques and key inputs = ¦ " ¿ ô i] p ½	Significant unobservable inputs } " H À i] p ½	Sensitivity ½
Commercial properties in Shenzhen City	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from RMB15,000 to RMB16,035 (2021: RMB14,982 to RMB15,800) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ - Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷ [O Æ15,000 © [O Æ16,035 ©€ Z g Z S Ë j [O Æ14,982 © [O Æ15,800 ©•	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f
Commercial properties in Qingyuan	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from RMB9,330 to RMB11,300 (2021: RMB10,000 to RMB10,270) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ ö Ã Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷ [O Æ9,330 © [O Æ11,300 ©€ Z g Z S Ë j [O Æ10,000 © [O Æ 10,270©•	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f

14. INVESTMENT PROPERTIES (continued) 14. ³ J 8 € ƒ •

Investment properties held by the Group in the consolidated statement of financial position I « õ] ¥ Ì K 1 Œ 5 Þ ˜ ³ J 8	Fair value hierarchy ® ; = V ô t 9	Valuation techniques and key inputs = ¦ " ¿ ô i] p ½	Significant unobservable inputs } " H À i] p ½	Sensitivity ½
Commercial properties in Kunshan City	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustments factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from RMB6,597 to RMB11,500 (2021: RMB6,558 to RMB11,236) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ ú † Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷ [O Æ6,597 © [O Æ11,500 ©€ Z g Z S Ë j [O Æ6,558 © [O Æ 11,236©•	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f

14. INVESTMENT PROPERTIES (continued) 14. ³ J 8 € ƒ •

Investment properties held by the Group in the consolidated statement of financial position I « õ] ¥ Ì K 1 Œ 5 Þ ˜ ³ J 8	Fair value hierarchy ® ; = V ô t 9	Valuation techniques and key inputs = ¦ " ¿ ô i] p ½	Significant unobservable inputs } " H À i] p ½	Sensitivity ½
The United Kingdom õ 7				
Commercial properties in London	Level 3	Direct comparison method based on market transactions of similar properties taking into consideration of timing of reference transactions and property-specific adjustment factors such as location, road frontage, size of property and facilities	Price per square metre, using market direct comparable properties and taking into account location and other individual factors such as road frontage, size of property and facilities, etc., which is ranged from Great British Pound ("GBP") 4,973 to GBP19,181 (2021: GBP5,681 to GBP14,982) per square metre.	A significant increase in the price per square metre used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
õ P q Y \ J 8	K g t	\ Ÿ â 0 , d ? õ ó • J 8 Y 9 t ø d (ý G ý t ø Y Û œ ¿ J 8 $ › Æ ª o d ½ ® l e W Q e J 8 • | ¿ £ D	® \ 9 \ Ÿ â 0 J 8 ¿ ý G Ä ø ¿ I ü H 9 ª o € ½ W Q 8) e J 8 ¿ £ D } ƒ •Y Ê ; Ù ÷ ø d § ÷ Ê ; Ù ÷4,973 õ @ 19,181 õ @€ Z g Z S Ë j5,681 õ @ 14,982 õ @ ƒ	Ê ; Ù ÷ ø } 7 j º Z ¬ ç ³ J 8 Y ® ; = Ž } 7 j º d À ˜ u Í f

There were no transfer into or out of Level 3 during both years.

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In estimating the fair value of the properties, the highest and best use of the properties is their current use.

õ J 8 ˜ ® ; = Û d J 8 ˜ ð ÷ ¿ ð 3 \ Ä ‰ f Ã \ Ä f

As at 31 December 2022, certain investment properties with a carrying value of HK$3,815,960,000 (2021: HK$3,933,984,000) have been pledged to secure banking facilities granted to the Group.

õ Z g Z Z Ë d Z Ü g d S Ú d I « / å ð • * & = ‰ 3,815,960,000 ¥ © ˜ ³ J 8 € Z g Z S Ë j 3,933,984,000 ¥ © •d ø ¬ Õ D f

15. PROPERTY, PLANT AND EQUIPMENT 15. J 8 e @ Ò ¿ £ ê

		Freehold lands Q n * Æ z ® HK$'000 w ¥ ©	Buildings } Á HK$'000 w ¥ ©	Leasehold improvements a # J 8 L HK$'000 w ¥ ©	Plant and machinery @ Ò ¿ Ú œ HK$'000 w ¥ ©	Furniture, fixtures and equipment ç l e Ä ¿ £ ê HK$'000 w ¥ ©	Motor vehicles Û HK$'000 w ¥ ©	Artwork µ " Ü HK$'000 w ¥ ©	Property, plant and equipment under construction ¯ J 8 e @ Ò ¿ £ ê HK$'000 w ¥ ©	Total < HK$'000 w ¥ ©
COST	Ó l									
At 1 January 2021	õ Z g Z S Ë S Ü S Ú	53,368	4,567,696	1,165,942	26,174,501	2,155,108	148,019	18,486	1,685,958	35,969,078
Exchange adjustments	Ò 3 Æ	1,569	51,185	263,140	1,009,759	77,338	3,368	624	34,835	1,441,818
Additions	ô Ä	–	91,890	86,866	836,329	89,638	12,841	–	1,737,767	2,855,331
Transfer to investment properties	7 a ³ J 8	–	–	–	–	–	–	–	(205,430)	(205,430)
Disposals and write off	/ ¿ Û V	–	–	(3,679)	(969,671)	(43,285)	(7,915)	–	(7,469)	(1,032,019)
Reclassifications	- ± ó	–	187,875	99,544	450,273	63,266	569	–	(801,527)	–
At 31 December 2021	õ Z g Z S Ë d Z Ü g d S Ú	54,937	4,898,646	1,611,813	27,501,191	2,342,065	156,882	19,110	2,444,134	39,028,778
Exchange adjustments	Ò 3 Æ	(4,654)	(211,004)	(214,353)	(2,613,994)	(251,193)	(9,891)	(1,221)	(265,010)	(3,571,320)
Additions	ô Ä	–	53,664	117,979	1,050,116	121,608	4,336	5,144	3,465,411	4,818,258
Disposals and write off	/ ¿ Û V	–	–	(333,574)	(795,299)	(35,204)	(1,128)	–	(40,730)	(1,205,935)
Reclassifications	- ± ó	–	–	8,154	1,903,100	251,891	4,234	–	(2,167,379)	–
At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú	50,283	4,741,306	1,190,019	27,045,114	2,429,167	154,433	23,033	3,436,426	39,069,781
DEPRECIATION	±									
At 1 January 2021	õ Z g Z S Ë S Ü S Ú	–	1,020,037	686,164	18,242,034	1,329,786	114,982	–	–	21,393,003
Exchange adjustments	Ò 3 Æ	–	15,549	41,700	808,736	44,118	2,754	–	–	912,857
Provided for the year	l Ë a ê	–	91,061	129,558	1,499,042	158,723	15,138	–	–	1,893,522
Eliminated on disposals and write off	/ Û W V ¿ Û V	–	–	(2,138)	(724,764)	(34,824)	(7,254)	–	–	(768,980)
At 31 December 2021	õ Z g Z S Ë d Z Ü g d S Ú	–	1,126,647	855,284	19,825,048	1,497,803	125,620	–	–	23,430,402
Exchange adjustments	Ò 3 Æ	–	(51,743)	(181,560)	(1,899,352)	(141,893)	(9,762)	–	–	(2,284,310)
Provided for the year	l Ë a ê	–	72,899	123,736	1,489,021	142,178	10,791	–	–	1,838,625
Eliminated on disposals and write off	/ Û W V ¿ Û V	–	–	(263,559)	(674,846)	(31,344)	(484)	–	–	(970,233)
At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú	–	1,147,803	533,901	18,739,871	1,466,744	126,165	–	–	22,014,484
CARRYING VALUES	* & =									
At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú	50,283	3,593,503	656,118	8,305,243	962,423	28,268	23,033	3,436,426	17,055,297
At 31 December 2021	õ Z g Z S Ë d Z Ü g d S Ú	54,937	3,771,999	756,529	7,676,143	844,262	31,262	19,110	2,444,134	15,598,376

15. PROPERTY, PLANT AND EQUIPMENT

(continued)

The above items of property, plant and equipment (other than those under construction or artwork) are depreciated on a straight-line basis after taking into account their residual values at the following rates per annum:

Freehold lands	Nil
Buildings	Over the remaining unexpired terms of leases ranging from twenty to seventy years
Leasehold improvements	10–20% or over the term of the lease, whichever is shorter
Plant and machinery	10–20%
Furniture, fixtures and equipment	10–33$^{1}/_{3}$%
Motor vehicles	10–20%

At 31 December 2022, the Group's freehold lands of HK$50,283,000 (2021: HK$54,937,000) are situated outside Hong Kong.

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} Á	2 k a Ò « õ q J • Y Ë , _20 Ë 70 Ë "
a # J 8 L	10–20% Ð a ₤ ø 0 õ k ‰ _ •
@ Ò ¿ Ú œ	10–20%
ç l e Ä ¿ £ ê	10–33$^{1}/_{3}$%
Û	10–20%

õ Z g Z Z Ë d Z Ü g d S Ú d I « • Þ50,283,000 ¥ ©€ Z g Z S Ë j 54,937,000 ¥ © •Q n * Æ z ® õ 0 ¥ ¤ . f

16. RIGHT-OF-USE ASSETS

16. 4 \ Æ *

		[redacted]			
At 31 December 2022 Carrying amount	õ Z g Z Z Ë d Z Ü g d S Ú * & =	[redacted]			
At 31 December 2021 Carrying amount	õ Z g Z S Ë d Z Ü g d S Ú * & =	1,831,194	6,994	2,754	1,840,942
For the year ended 31 December 2022 Depreciation for the year	Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë I Ë ±	[redacted]			
For the year ended 31 December 2021 Depreciation for the year	Ú Z g Z S Ë d Z Ü g d S Ú ß Ë I Ë ±	41,960	3,054	1,280	46,294

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Expense relating to short-term leases	~ õ , a # ´ ë Y š Õ		369
Total cash outflow for leases	a # $ – t < X		150,703
Additions to right-of-use assets	4 \ Æ * ô Ä		145,870

The Group leases various leasehold land, leased properties and plant and machinery for its operations. Lease contracts are entered into for fixed term of 1 year to 50 years (2021: 1 year to 50 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for leased

16. RIGHT-OF-USE ASSETS (continued)

Restrictions or covenants on leases

In addition, lease liabilities of HK$9,189,000 are recognised with related right-of-use assets of HK$8,631,000 as at 31 December 2022 (2021: lease liabilities of HK$10,403,000 and related right-of-use assets of HK$9,748,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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ä . d õ Z g Z Z Ë d Z Ü g d S Ú d ½ © Y a # À 9,189,000 ¥ © W ~ 4 \ Æ *8,631,000 ¥ © Þ ë€ Z g Z S Ë j a # À10,403,000 ¥ © ¿ Þ ë 4 \ Æ *9,748,000 ¥ © a # X D (Ì D , ð ½ d " a [5 Þ a # * Y ê å Æ B ð . f a # * " { * > › ê å \ Ä f

17. GOODWILL

17. '

		HK$'000 w ¥ ©
Carrying value	* & =	
At 1 January 2021, 31 December 2021 and 31 December 2022	õ Z g Z S Ë S Ü S Ú e Z g Z S Ë d Z Ü g d S Ú ¿ Z g Z Z Ë d Z Ü g d S Ú	2,670,528

For the purposes of impairment testing, goodwill has been allocated to the following groups of CGUs:

1 ¯ = » þ d ' Š ± ã ø h $ – * [\ j

			2021 Z g Z S Ë HK$'000 w ¥ ©
Laminates	' Ö &	[redacted]	390,781
PCBs	™ O Þ)		2,099,898
Chemicals	· ˆ * Ü		179,849
			2,670,528

The recoverable amounts of the laminates', PCBs' and chemicals' CGUs have been determined based on value in use calculations. Cash flow projections were extrapolated based on a five-year (2021: five-year) period financial budgets approved by the Directors.

' Ö & e ™ O Þ) ¿ · ˆ * Ü ˜ $ – * [˜ × « – X 2 4 \ = Q , > › f $ – t Ž W ? õ è + - X Y ž Ë ₠ Z g Z S Ë j ž Ë , Ì A k Q þ Q f

17. GOODWILL (continued)

17. ‘

The key assumptions for the value in use calculations for the CGUs of laminates, PCBs and chemicals business segments are as follows:

' Ö & e ™ O Þ) ¿ · ˆ * Ü 8 ± Å $ – * [˜ 4 \ = Q , ˜ ô ÿ £ ½ h j

		Laminates ' Ö &		PCBs ™ O Þ)		Chemicals · ˆ * Ü	
		[redacted]	2021 Z g Z S Ë	[redacted]	2021 Z g Z S Ë	[redacted]	2021 Z g Z S Ë
Discount rate	h $	[redacted]	12%	[redacted]	12% – 14%	[redacted]	12%
Growth rate (for year 1 to 5)	# — €1 5 Ë •	[redacted]	4%	[redacted]	1% – 4%	[redacted]	5%

The key assumptions are determined based on the unit's past performance and the management's expectations for the market development and the growth rates used to extrapolate cash flow projections beyond the first five-year (2021: five-year) period do not exceed the long-term average growth rates for the relevant industries and growth rates ranging from 0% to 3% (2021: 0% to 3%). The cash flow projections, growth rates and discount rate have been reassessed as at 31 December 2022 and 2021 taking into consideration higher degree of estimation uncertainties in the respective year due to how the release of Covid-19 restrictions may progress and evolve and volatility in financial markets.

ô ÿ £ W 2 @ » Œ $ ¿ M # 4 Á 9 ï • ˜ , Ð ¿ \ * Q / ž Ë € Z g Z S Ë j ž Ë • $ – t Ž Y # — þ > › d ò " t C ´ ë 8 ; i — , # — d þ ò # — § ÷0% 3% € Z g Z S Ë j 0% 3% $ – t Ž k » e # — q h $ Š õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú - Y d ¿ ¢ Ë ªCovid-19 ¥ ‹ " S £ D ð Y ï • q ø ¿ – D 9 Y * þ ¬ ç Y 0 ÷ û Y " ½ › Ì f

Since the recoverable amounts of each group of CGUs were significantly above their carrying amounts, no impairment loss was recognised.

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The management believes that any reasonably possible changes in any of these assumptions would not cause the carrying amount of each group of CGUs to exceed their respective recoverable amount.

M # 4 ´ ¦ d ÿ £ ½ Þ , ¥ # ' ¯ Z " 6 4 ¢ \ $ – * [˜ < * & = t C < × « – X f

		Customer base Ò Ê HK$'000 w ¥ ©
COST	Ó I	
At 1 January 2021, 31 December 2021 and at 31 December 2022	õ Z g Z S Ë S Ü S Ú e Z g Z S Ë d Z Ü g d S Ú ¿ Z g Z Z Ë d Z Ü g d S Ú	64,800
AMORTISATION	Å V	
At 1 January 2021	õ Z g Z S Ë S Ü S Ú	10,440
Charge for the year	I Ë Å V	6,480
At 31 December 2021	õ Z g Z S Ë d Z Ü g d S Ú	16,920
Charge for the year	I Ë Å V	6,480
At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú	23,400
CARRYING VALUE	* & =	
At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú	41,400
At 31 December 2021	õ Z g Z S Ë d Z Ü g d S Ú	47,880

The customer base is amortised on a straight-line basis over a period of 10 years.

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19. INTEREST IN AN ASSOCIATE

19. õ L ®!˜ Æ B

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Cost of investment in an associate unlisted in the PRC	õ • 7 ¢ j 9 L ®!˜ ³ Ó I		185,066
Share of post-acquisition profits and other comprehensive income, net of dividends received	Ð & × … P ; ¿ I ü Œ & × B€ Ô ð Š × p ¹ •		378,181
			563,247

At 31 December 2022 and 2021, the Group had interest in the following associate:

õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú d I « ¹ Þ ø h L ®! Æ B j

Name of associate L ®!¤H	Place of establishment and operation Ó m ¿ 8 ® Ã	Equity interest held by the Group I « Ô 5 p Æ		Proportion of voting rights held by the Group I « 5 Þ Y ³ C Æ õ ± â		Principal activities ô 8
		[redacted]	2021 Z g Z S Ë	[redacted]	2021 Z g Z S Ë	
CNOOC Kingboard Chemical Limited# • i 0 b · ˆ Þ " ® ! #	PRC • 7		40%		40%	Manufacture and distribution of methanol ¡ ¿ ¿ ± V ` P

The company was established in the PRC in the form of Sino-Foreign Equity Joint Venture.

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19. INTEREST IN AN ASSOCIATE (continued)

The associate is accounted for using the equity method in these consolidated financial statements.

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CNOOC Kingboard Chemical Limited

• i 0 b · ˆ Þ " ® !

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Current assets	t *	[redacted]	832,243
Non-current assets	¢ t *	[redacted]	782,211
Current liabilities	t À	[redacted]	(206,336)
		[redacted]	

20. INTERESTS IN JOINT VENTURES

20. õ¥ ®!YÆB

Details of the Group's investments in joint ventures are as follows:

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			2021 ZgZSË HK$'000 w¥©
Cost of investment in joint ventures	õ¥ ®!˜³ ÓI	[redacted]	2,503,655
Share of post-acquisition (losses) profits and other comprehensive (expense) income, net of dividends received	Ð&×…€f&₱;¿Iü Œ&€šÕ«B€Ôð Š× p¹•		95,002
			2,598,657

Details of the Group's joint ventures at the end of the reporting period are as follows:

I« õ¥ ®!Y³ ‹½hj

Name of entity ¼ ¤H	Country of incorporation/ registration W ÓmJ W Y7•	Principal place of business ô 8®Ã	Proportion of ownership interest held by the Group I« 5ÞYÔÞÆõ±â		Proportion of voting rights held by the Group I« 5ÞY³CÆõ±â		Principal activity ô 8
				2021 ZgZSË		2021 ZgZSË	
Lucky Yuen Holding Limited ±,©›pÞ"®!	Hong Kong 0¥	Hong Kong 0¥	[redacted]	50%	[redacted]	50%	Property holding and business management J8›p¿8 M#
Smart Source Management Limited }UM#Þ"®!	British Virgin Islands õnˆ~Ê¥	United Kingdom õ7		50%		50%	Property holding and business management J8›p¿8 M#

Summarised financial information of joint ventures

¥ ®!Ì Ø?

Summarised financial information in respect of each of the Group's joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

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The joint ventures are accounted for using the equity method in these consolidated financial statements.

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20. INTERESTS IN JOINT VENTURES

(continued)

Information of joint ventures

¥ ® ! Y Ø

Lucky Yuen Holding Limited

± , © › p Þ " ® !

			2021 Z g Z S Ë HK$'000 w ¥ ©
		[redacted]	
Current assets	t *	[redacted]	276,412
Non-current assets (Note)	¢ t ₹€ • W •	[redacted]	674,800
Current liabilities	t À	[redacted]	(12,207)
Non-current liabilities	¢ t À	[redacted]	(243,712)
The above amounts of assets include the following:	j * – X < ø h ¢ ° j	[redacted]	
Cash and cash equivalents	$ – ¿ $ – = ° f	[redacted]	14,662

Smart Source Management Limited

} U M # Þ " ® !

			2021 Z g Z S Ë HK$'000 w ¥ ©
		[redacted]	
Current assets	t *	[redacted]	84,054
Non-current assets (Note)	¢ t ₹€ • W •	[redacted]	4,503,681
Current liabilities	t À	[redacted]	(85,715)
The above amounts of assets and liabilities include the following:	j * ¿ À – X < j	[redacted]	
Cash and cash equivalents	$ – ¿ $ – = ° f	[redacted]	65,545

Note: The amount mainly represents investment properties located in Hong Kong and United Kingdom.

• W j – X ô n õ õ 0 ¥ ¿ õ 7 Y ³ J 8 f

20. INTERESTS IN JOINT VENTURES (continued)

20. õ ¥ ® ! Y Æ B € ƒ •

Information of joint ventures (continued)

The two joint ventures are individually material in relation to the cost of the investments and net assets of the joint ventures, but the profit or loss and other comprehensive income of each of the two joint ventures are not material respectively and hence disclosed on an aggregated basis.

¥ ® ! Y Ø € ƒ •
G • ¥ ® ! 1 ³ Ó I ¿ * = þ H 9 n } d “ G • ¥ ® ! Y & B ¿ I ü Œ & × B (” } d ª ä 2 ¥ ; ? _ Þ £ f

			2021 Z g Z S Ë HK$'000 w ¥ ©
Revenue	8 X	[redacted]	204,826
Profit for the year	I Ë P ;	[redacted]	167,657
Other comprehensive expense for the year	I Ë I ü Œ & š Õ	[redacted]	(18,110)
Total comprehensive (expense) income for the year	I Ë I ü Œ &€ š Õ • B < X	[redacted]	149,547
Dividend received from a joint venture during the year	Ë « Š × ¥ ® ! p ¹	[redacted]	85,637

The above profit for the year includes the following:

j I Ë P ; < ø h ° f j

			2021 Z g Z S Ë HK$'000 w ¥ ©
Income tax expense	Ô { ü š Õ	[redacted]	30,810

20. INTERESTS IN JOINT VENTURES

(continued)

¥ ® ! Y Ø € ƒ •

Information of joint ventures (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in two joint ventures recognised in the consolidated financial statements:

j Ö ? Y Ì Ø ~] ¥ Ì Œ « Š ½ © Ô & G • ¥ ® ! Æ B ˜ * & = Y Á * f

			2021 Z g Z S Ë HK$'000 w ¥ ©
Net assets of Lucky Yuen Holding Limited	± , © › p Þ " ® ! * =	[redacted]	695,293
Proportion of the Group's ownership interest in Lucky Yuen Holding Limited	I « Ô & ± , © › p Þ " ® ! ¹ Þ Æ Æ B ˜ â		50%
Carrying amount of the Group's interest in Lucky Yuen Holding Limited	I « Ô & ± , © › p Þ " ® ! Æ B ˜ * & =	[redacted]	347,647
Net assets of Smart Source Management Limited	} U M # Þ " ® ! * =	[redacted]	4,502,020
Proportion of the Group's ownership interest in Smart Source Management Limited	I « Ô & } U M # Þ " ® ! ¹ Þ Æ Æ B ˜ â		50%
Carrying amount of the Group's interest in Smart Source Management Limited	I « Ô & } U M # Þ " ® ! Æ B ˜ * & =	[redacted]	2,251,010

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

21. 2 ® ; =] & B ˜ Æ B ˆ H

			2021 Z g Z S Ë HK$'000 w ¥ ©
Equity securities listed in Hong Kong	õ 0 ¥ j 9 ˜ Æ B Ç N	[redacted]	8,542,096
Equity securities listed in Japan	õ Ú I j 9 ˜ Æ B Ç N		–
			8,542,096
Analysed for reporting purposes as:	‰ S \ Ä þ ± ‰ j		
– Current assets	Ñ t *		4,139,071
– Non-current assets	Ñ ¢ t *		4,403,025
			8,542,096

For those financial assets measured at FVTPL of which the management's intention is to hold at short-term trading purpose are classified as current assets. The remaining financial assets measured at FVTPL which are held for long-term investment purpose are classified as non-current assets.

Á õ 2 ® ; =] & B ˜ – D * d M # 4 Ý ø õ , t ø ‰ f Y ˜ – D * ± ó ‰ t * f I q 2 ® ; =] & B ˜ – D * d ø — , ³ f Y þ 5 Þ k Æ ± ó ‰ ¢ t * f

At 31 December 2022, the fair values of the listed equity securities held by Group, determined by reference to the quoted market bid prices available, amounted to HK$6,541,077,000 (2021: HK$8,542,096,000).

õ Z g Z Z Ë d Z Ü g d S Ú d I « Ô 5 ˜ j 9 Æ B Ç N Y ® ; = Ò ‰6,541,077,000 ¥ ©€ Z g Z S Ë j 8,542,096,000 ¥ © •d – X W k { ˜ 9 o] > › f

		2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Listed bond securities at fair value:	j 9 À N Ç N d 2 ® ; = j		
– listed on SGX and issued by listed issuers in Hong Kong with a fixed coupon interests ranging from 5.40% to 8% (2021: 4.85% to 12.375%) per annum and maturity dates from 12 November 2023 to 11 July 2028 (2021: 28 July 2022 to 3 September 2024)	Ñ 0 ¥ j 9 ï [ï (õ - t Ô j 9 d H Þ Ë ¹ § ÷ 5.40 v 8 v€ Z g Z S Ë j 4.85 v 12.375 v •̃ x › C ¹ d (õ Z g Z g Ë d S Ü d Z Ú Z g Z ^ Ë V Ü d S Ú Q ₠ Z g Z S Ë j Z g Z Z Ë V Ü Z d ^ Ú Z g Z , Ë X Ü g Ú •	629,933	1,034,455
Analysed for reporting purposes as:	‰ S \ Ä þ ± ‰ j		
– Current assets	Ñ t *	22,302	416,505
– Non-current assets	Ñ ¢ t *	607,631	617,950
		629,933	1,034,455

At 31 December 2022 and 2021, the fair values of the listed bond securities are determined by reference to quoted prices in the over-the-counter markets at the end of each reporting period.

õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú d j 9 À N Ç N Y ® ; = k ¢ S , K Y . 9 > › f

22. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

22. 2 ® ; =] I ü Œ & × B ˜ À ˆ H

Included in debt instruments at FVTOCI are the following amounts denominated in a currency other than the functional currency of the group entities to which they are held:

2 ® ; =] I ü Œ & × B ˜ À ˆ H < h • ø « ¼ ´ ë ˜ • ¬ Æ ø . ¬ Æ = ˜ › X j

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
US$	Õ ©		1,034,455

		2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Fixed-rate loan receivable	Ð × x › ; r ›		
Within one year	S Ë «	1,880,000	–
In more than one year but not more than two years	S Ë ø j (" t @ G Ë	–	1,880,000
		1,880,000	1,880,000

The unsecured loan receivable was advanced to an independent third party and carries interest at 8.5% per annum and is repayable in December 2023. Details of impairment assessment of loan receivable for the years ended 31 December 2022 and 2021 is set out in Note 37(b).

24. DEFERRED TAXATION

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

		Accelerated tax depreciation º ü ± HK$'000 w ¥ ©	Tax losses ü º f & HK$'000 w ¥ ©	Write-down of inventories Û ¯ À ¬ HK$'000 w ¥ ©	Fair value change of investment properties ³ J 8 ˜ ® ; = HK$'000 w ¥ ©	Fair value change of assets arising from acquisition of subsidiaries × … • n ® ! * [Y * ® ; = HK$'000 w ¥ ©	Undistributed profits of an associate S œ L ® ! ˜ J ± ã P ; HK$'000 w ¥ ©	Undistributed profits of PRC subsidiaries • 7 • n ® ! ˜ J ± ã P ; HK$'000 w ¥ ©	Total < HK$'000 w ¥ ©
At 1 January 2021	õ Z g Z S Ë S Ü S Ú	(33,732)	12,522	65,187	(641,104)	(88,748)	(2,079)	–	(687,954)
Exchange adjustments	Ò 3 Æ	(24)	–	–	(248)	–	(6)	–	(278)
(Charge) credit to consolidated statement of profit or loss for the year (Note 9)	€ Ô ð •] I Ë] ¥ & B Œ € • W9 •	(8,540)	–	81,670	–	5,373	–	–	78,503

24. DEFERRED TAXATION (continued)

24. È · ü ° € ƒ •

The following is the analysis of the deferred tax balances for financial reporting purposes:

ø h 1 • ‰ Ì a þ Ü ¡ ˜ È · ü ° q ± j

			2021 Z g Z S Ë HK$'000 w ¥ ©
Deferred tax assets	È · ü ° *	[redacted]	2,294
Deferred tax liabilities	È · ü ° À		(612,023)
			(609,729)

At the end of the reporting period, the Group has unused tax losses of HK$913,234,000 (2021: HK$1,176,318,000) available for offset against future profits. A deferred tax assets has been recognised in respect of HK$50,088,000 (2021: HK$50,088,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$863,146,000 (2021: HK$1,126,230,000) due to the unpredictability of future profit streams. All tax losses will be expired gradually within five years to year 2027 (2021: within five years to year 2026).

õ S , œ ¼ … Ú d I « 6 ê Ô J 8 P ; ˜ J \ ü ° f & ‰ Ò 913,234,000¥ © € Z g Z S Ë j 1,176,318,000 ¥ © • f 1 f & 50,088,000 ¥ © € Z g Z S Ë j 50,088,000 ¥ © • Š ½ © È · ü ° * f _ õ J 8 P ; t " k » d B (Ì 1 q X863,146,000 ¥ ©€ Z g Z S Ë j 1,126,230,000 ¥ © •½ © , È · ü ° * f Œ Å ü ° f & Z õ ž Ë « ¼ É Q , \ Z g Z V Ë€ Z g Z S Ë j Z g Z ¬ Ë f

Under the EIT Law of the PRC, withholding tax of 5%-10% (2021: 5%-10%) is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Based on the dividend distribution plan of the management, retained profits as at 31 December 2022 amounting to HK$8,048,059,000 (2021: N/A) will be distributed as dividend in the foreseeable future, while the remaining retained profits has been set aside for local operation and business development.

ì ½ • 7 † 8 Ô { ü , d Z g g ^ Ë S Ü S Ú Î d Þ ë • 7 • n ® ! Ô ƒ _ ® ; | ˜ p ¹ ² 25% 10% € Z g Z S Ë j 5% 10% •® v k Ô ü f ì ½ M # 4 Y p ¹ ± | Œ d õ Z g Z Z Ë d Z Ü g d S Ú Y - 5 P ; 8,048,059,000 ¥ ©€ Z g Z S Ë j " G \ •Z õ Z 8 * ‰ p ¹ ± | d þ q h - 5 P ; Š a * I ® 6 ¿ 8 ï • f

		2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Raw materials	a Ø	1,777,148	2,152,411
Work in progress	¯ ¡ Ü	909,051	916,533
Finished goods	¡ Ó Ü	825,315	844,262
		3,511,514	3,913,206

During the year ended 31 December 2022, write-down of inventories amounting to HK$423,141,000 (2021: HK$326,679,000) has been recognised and included in cost of sales.

26. PROPERTIES HELD FOR DEVELOPMENT

Movements of properties held for development are as follows:

26. PROPERTIES HELD FOR DEVELOPMENT (continued)

26. ï • J 8 € ƒ •

Analysis of leasehold land included in properties held for development is set out below:

] ï • J 8 Y a # z ® Y ± ½ h j

		HK$'000 w ¥ ©
At 31 December 2022 Carrying amount	õ Z g Z Z Ë d Z Ü g d S Ú * & =	9,329,226
At 31 December 2021 Carrying amount	õ Z g Z S Ë d Z Ü g d S Ú * & =	11,424,969

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Total cash outflow	$ – t < X		–
Additions	ô Ä		–

The carrying amount of leasehold land is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold land taking into account the estimated residual values as at 31 December 2022 and 2021.

a # z ® Y * & = ì ½ 0 ¥ Ì a _ Æ K16î 2 Ó I ¯ ,] ± ¿ , ¯ = f & Ž f q = 2 a # z ® \ Ó Å … ˜ Q / = > › f ¾] Z g Z Z Ë q Z g Z S Ë d Z Ü g d S Ú Y q = d ” 6 1 a # z ® d ± f

During the year ended 31 December 2022, properties held for development with carrying amount of HK$2,553,996,000 (2021: HK$553,854,000) were completed and sold to third parties. Included in the properties held for developments, the construction of properties with carrying amount of HK$12,426,031,000 (2021: HK$10,266,818,000) are completed.

Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë d * & =2,553,996,000 ¥ ©€ Z g Z S Ë j 553,854,000 ¥ © •˜ ï • J 8 Ý Ó (/ š K g Ù f ¯ 5 * ï • J 8 • d * & =12,426,031,000 ¥ ©€ Z g Z S Ë j 10,266,818,000 ¥ © •˜ J 8 ˆ û Š ˆ f

One of the Group's properties development project with a carrying amount of HK$2,022,969,000 (2021: HK$410,959,000) has been pledged to secure banking facilities granted to the Group.

I « / å I • S ° * & = ‰ 2,022,969,000 ¥ © ˜ J 8 ï • ° €• Z g Z S Ë j 410,959,000 ¥ © •d ø ¬ Õ D f

In the opinion of the Directors, the properties held for development were classified as current assets as the properties were held for sale purpose after the completion of construction under the Group's normal operating cycle.

è + © ‰ ï • J 8 ± ó ‰ t * d W _ õ ¯ I « Y M I 6 „ , d 5 Þ J 8 Y f Y ‰ õ ˆ û ˆ Û / f

(a) Trade and other receivables and prepayments and entrusted loans

	2022 HK$'000	2021 HK$'000
Trade receivables	7,989,399	10,836,887
Less: Allowance for credit losses	(1,176,760)	(1,257,523)
Trade receivables, net	6,812,639	9,579,364
Advance to suppliers	289,233	563,151
Entrusted loans (Note)	261,693	359,006
Prepayment and deposits	327,618	575,712
Value added tax ("VAT") recoverables	535,470	480,584
Other receivables	233,865	247,559
	8,460,518	11,805,376
Less: Non-current portion of entrusted loans (Note)	(238,863)	(331,126)
	8,221,655	11,474,250

As at 1 January 2021, the gross carrying amount of trade receivables from contracts with customers amounted to HK$8,532,641,000 with allowance for credit losses of HK$1,171,133,000.

Note: The entrusted loans of HK$261,693,000 (2021: HK$359,006,000) are due from certain purchasers of properties developed by the Group in the PRC through four (2021: four) commercial banks in the PRC (the "Lending Agents"). The entrusted loans carry interest at variable rates ranging from 3.43% to 5.39% (2021: 3.43% to 5.39%) per annum, payable on monthly basis and the principal will be payable on or before 2034 (2021: 2034). The purchasers of the Group's properties has pledged to the Lending Agents the respective properties purchased. These properties are located in Kunshan, PRC.

As at 31 December 2022, entrusted loans amounting to HK$238,863,000 (2021: HK$331,126,000) are in respect of repayments due after 12 months from the end of the reporting period and are classified as non-current assets.

27. OTHER FINANCIAL ASSETS (continued)

27. I ü – D * € ƒ •

(a) Trade and other receivables and prepayments and entrusted loans (continued)

The Group allows credit periods of up to 120 days (2021: 120 days), depending on the products sold to its trade customers. The following is an aging analysis of trade receivables net of allowance for credit losses based on invoice date at the end of the reporting period:

(a) q ø ¿ I ü Đ × * › ¿ k ù › ° ¿ ‰ Ä r › € ƒ •

I « š q ø Ò ˜ ¦ r , ð — ‰120Ú€ Z g Z S Ë j 120 Ú •d V ÷ Ô V / * Ü þ › f õ S , œ ¼ ‰ ß d ¯ Ô ð ¦ r f & a ê d q ø Đ × * › ˜ * g ? õ ï C Ú , ± ½ h j

			2021 Z g Z S Ë HK$'000 w ¥ ©
0–90 days	0 90 Ú	[redacted]	8,088,409
91–120 days	91 120 Ú		827,309
121 –150 days	121 150 Ú		464,477
151–180 days	151 180 Ú		115,439
Over 180 days	180 Ú ø j		83,730
			9,579,364

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,986,793,000 (2021: HK$1,511,393,000) which are past due as at the reporting date. Out of the past due balances, HK$100,594,000 (2021: HK$123,048,000) which has been past due over 90 days or more and is not considered as in default based on good repayment records for those customers. The Group does not hold any collateral over these balances.

õ Z g Z Z Ë d Z Ü g d S Ú d I « Y q ø Đ × * › q < õ S Ú , Š C , Y * & < =1,986,793,000 ¥ ©€ Z g Z S Ë j 1,511,393,000 ¥ © • Y Đ × * › f C , q … • d 100,594,000 ¥ ©€ Z g Z S Ë j 123,048,000 ¥ © •Š C ,90 Ú Đ ø j d " ì ½ Ò » Y " › ¾ } d C , q (J V ‰ < Ò f I « (Ì 1 q 5 Þ , ê å Ü f

27. OTHER FINANCIAL ASSETS (continued)

(a) Trade and other receivables and prepayments and entrusted loans (continued)

Details of impairment assessment of trade and other receivables and bills receivables are set out in note 37(b).

Included in trade and other receivables are the following amounts denominated in a currency other than the functional currency of the group entities to which they relate:

(a) q ø ¿ I ü Ð × * › ¿ k ù › ° ¿ ‰ Ä r › € ƒ •

q ø ¿ I ü Ð × * › ø ¿ Ð × C ½ Y ¯ = Y ‹ 1 õ • W 37(b) f

q ø ¿ I ü Ð × * › < h • ø « ¼ ´ ë ˜ • ¬ Æ ø . ¬ Æ = ˜ › X j

			2021 Z g Z S Ë HK$'000 w ¥ ©
US$	Õ ©	[redacted]	1,339,439
HK$	¥ ©		323,228
Euro dollar ("Euro")	„ Œ˜ „ © ™•		90,530

(b) Bills receivables

Bills receivables of the Group are all aged within 90 days (2021: 90 days) based on invoice date at the end of the reporting period, and are with a maturity period of less than one year.

(b) Ð × C ½

I « ˜ Ð × C ½ * g ? õ ï C Ú , i ‰ S , œ ¼ Y 90 Ú€ Z g Z S Ë j 90 Ú •˜ « d (ò Q , Û , Ç õ S Ë f

27. OTHER FINANCIAL ASSETS (continued)

27. I ü – D * € ƒ •

(c) Cash and cash equivalents/restricted bank deposits

(c) $ – ¿ $ – = ° f J a " S Õ À ›

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. At 31 December 2022, the Group's bank balances and deposits carry interest at the prevailing market interest rates which range from 0.01% to 4.35% (2021: 0.01% to 1.725%) per annum.

$ – ¿ $ – = ° f < I « 5 Þ ˜ $ – ¿ a Q , Ú ‰ g H Ü Ð ø h ˜ õ , Õ À › f õ Z g Z Z Ë d Z Ü g d S Ú d I « Y Õ q ¿ À › 2 $ 9 Ë ; § ÷0.01 v 4.35 v€ Z g Z S Ë j § ÷0.01 v 1.725 v • ¹ f

As at 31 December 2022, bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to HK$162,472,000 (2021: nil), such balances can only be applied in the designated property development projects, of which HK$32,372,000 (2021: nil) are held for meeting short-term cash commitments and are included in cash and cash equivalents. The balances carrying interest at variable interest rate at 1.25% (2021: N/A) per annum.

õ Z g Z Z Ë d Z Ü g d S Ú d ì ½ G \ A ´ , • À] a " S Õ * Ò Y Õ q ‰ 162,472,000 ¥ © € Z g Z S Ë j Ì • d q Ã \ õ 8 › J 8 ï • ° f d I • 32,372,000 ¥ ©€ Z g Z S Ë j Ì •W ‰ õ , $ – Õ Ä þ 5 Þ d ( ] $ – ¿ $ – = ° f f q * & ; ¹ 2 Ë ; 1.25 v€ Z g Z S Ë j " G \ • ¹ f

At 31 December 2022, the Group had bank balances and cash that were not freely convertible or were subject to exchange controls in the PRC, amounting to HK$2,767,909,000 (2021: HK$3,304,839,693).

õ Z g Z Z Ë d Z Ü g d S Ú d I « " _ 3 I Ð ² a • 7 . Ò M S Ô • " ˜ Õ q ¿ $ – Ò ‰2,767,909,000¥ ©€ Z g Z S Ë j3,304,839,693 ¥ © f

Included in the bank balances and cash are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

Õ q ¿ $ – < h • ø « ¼ ´ ë ˜ • ¬ Æ ø . ¬ Æ = ˜ › X j

			2021 Z g Z S Ë HK$'000 w ¥ ©
US$	Õ ©	[redacted]	465,036
HK$	¥ ©		513,673
Euro	„ ©		840
GBP	õ @		15,662

Trade and other payables and bills payables

q ø ¿ l ü Ð ù * › ¿ Ð ù C ½

		2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Trade payables	q ø Ð ù * ›	2,935,374	3,431,959
Accrued expenses	k d l \	1,310,794	1,352,853
Payables for acquisition of property, plant and equipment	… o J 8 e @ Ò ¿ £ ê ˜ Ð ù * ›	374,831	481,035
Other tax payables	l ü Ð ù * ›	839,622	903,491
VAT payables	Ð ù # = ü	185,586	344,076
LAT payables	Ð ù z ® # = ü	112,845	60,218
Other payables	l ü Ð ù › °	714,599	472,559
		6,473,651	7,046,191
Bills payables (Note)	Ð ù C ½€ • W •	650,061	728,144
		7,123,712	7,774,335

Notes: Included in bills payables as at 31 December 2022 was payables for acquisition of property, plant and equipment of HK$32,697,000 (2021: HK$30,633,000).

• W j õ Ú ß Z g Z Z Ë d Z Ü g d S Ú Y Ð ù C ½ • d <32,697,000 ¥ ©€ Z g Z S Ë j 30,633,000 ¥ © •‰ … o J 8 e @ Ò ¿ £ ê f

The following is an aging analysis of the trade payables based on the invoice date at the end of the reporting period:

õ S , œ ¼ ‰ ß d q ø Ð ù * › ˜ * g ? õ ï C Ú , Y ± ½ h j

			2021 Z g Z S Ë HK$'000 w ¥ ©
0–90 days	0 90 Ú	[redacted]	2,530,420
91–180 days	91 180 Ú		508,466
Over 180 days	180 Ú ø j		393,073
			3,431,959

28. TRADE AND OTHER PAYABLES AND BILLS PAYABLES AND CONTRACT LIABILITIES (continued)

Trade and other payables and bills payables (continued)

The average credit period on purchase of goods is 90 days (2021: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Bills payables of the Group related to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables, which are aged within 90 days (2021: 90 days) at the end of the reporting period.

Included in trade and other payables and bills payables are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

28. q ø ¿ l ü Ð ù * › ¿ Ð ù C ½ ¿ ¥ Ò À € ƒ •

q ø ¿ l ü Ð ù * › ¿ Ð ù C ½ € ƒ •

… o ¬ Ü Y ; i ¦ r , ‰ 90 Ú€ Z g Z S Ë j 90 Ú •f l « $ Ì , ˆ M # A ½ - Ô Þ Ð ù * › õ ¦ r , « ö f

l « ~ q ø Ð ù * › Þ ë Y Ð ù C ½ d l • Š £ ´ ë 6 Ð H C ½ ø 6 J 8 Q q ø Ð ù › ° d * g i ‰ S , œ ¼ Y90 Ú€ Z g Z S Ë j 90 Ú • ˜ « f

q ø ¿ l ü Ð ù * › ¿ Ð ù C ½ < h • ø « ¼ ´ ë ˜ • ¬ Æ ø . ¬ Æ = ˜ › X j

			2021 Z g Z S Ë HK$'000 w ¥ ©
US$	Õ ©	[redacted]	987,620
HK$	¥ ©		72,534
Euro	„ ©		–

Contract liabilities

¥ Ò À

		2022 Z g Z Z Ë HK$'000 w ¥ ©	2021 Z g Z S Ë HK$'000 w ¥ ©
Sales of properties	V / J 8	1,049,107	3,897,714
Sales of chemicals	V / · ˆ * Ü	1,201,291	1,155,177
Sales of laminates	V / ' Ö &	351,134	249,105
		2,601,532	5,301,996

As at 1 January 2021, contract liabilities amounted to HK$3,789,029,000.

õ Z g Z S Ë S Ü S Ú d ¥ Ò À – X ‰3,789,029,000 ¥ © f

The significant decrease in contract liabilities in the current year was mainly due to the recognition of the advances received from customers when the properties are completed and hand-over to the customers during the year. The significant increase in contract liabilities in the year ended 31 December 2021 was mainly due to the advances received from customers upon entering of sale and purchase agreements of properties in current year.

Ú I Ë Y ¥ Ò À } 7 ¯ Ç d ô a ª J Ë « J 8 ˆ (t ù Ò Û ½ © × Q Y Ò k ù › Ô ç f Ú Z g Z S Ë d Z Ü g d S Ú ß Ë ¥ Ò À # 7 0 } d ô a ª J I Ë õ ¦ J 8 o - X D Û × Q Ò k ù › f

As at 31 December 2022 and 2021, certain amount of contract liabilities arising from sales of properties are expected to be realised within one to two years at the end of the reporting period. The entire amount of contract liabilities of sales of laminates and chemicals are expected to be realised within one year at the end of the reporting period.

õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú d V / J 8 Y ¥ Ò À ð • – X k , Z õ S , K Î S G Ë ¼ $ f V / ' Ö & ¿ · ˆ * Ü Y ¥ Ò À Œ Å – X k , Z õ S , K Î S Ë « ¼ $ f

28. TRADE AND OTHER PAYABLES AND BILLS PAYABLES AND CONTRACT LIABILITIES (continued)

28. q ø ¿ l ü Ð ù * › ¿ Ð ù C ½ ¿ ¥ Ò À €ƒ•

Contract liabilities (continued)

The following table sets out the revenue recognised relates to carried-forward contract liabilities at 31 December 2021 and 2020.

¥ Ò À €ƒ•

h Œ 1 • ~ Z g Z S Ë ¿ Z g Z g Ë d Z Ü g d S Ú 7 Y ¥ Ò À Þ ë Š ½ ©˜ 8 X f

		Sales of properties V / J 8 HK$'000 w ¥ ©	Sales of chemicals V / · ˆ * Ü HK$'000 w ¥ ©	Sales of laminates V / ' Ö & HK$'000 w ¥ ©
For the year ended 31 December 2022	Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë			
Revenue recognised that was included in the contract liability balance at 31 December 2021	] Z g Z S Ë d Z Ü g d S Ú ¥ Ò À q X Y Š ½ © 8 X	3,621,185	1,155,177	249,105
For the year ended 31 December 2021	Ú Z g Z S Ë d Z Ü g d S Ú ß Ë			
Revenue recognised that was included in the contract liability balance at 31 December 2020	] Z g Z g Ë d Z Ü g d S Ú ¥ Ò À q X Y Š ½ © 8 X	259,063	1,304,847	301,537

28. TRADE AND OTHER PAYABLES AND BILLS PAYABLES AND CONTRACT LIABILITIES (continued)

Contract liabilities (continued)

Typical payment terms with which impact on the amount of contract liabilities recognised are as follows:

- Sales of properties

  The Group typically receives 30% to 50% of the contract value as deposits from customers on entering of a sale and purchase agreement of properties and will receive the remaining contracted sum prior to customers obtaining control of the respective properties. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property contract period until the customer obtains control of the completed property.

  In addition, the Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

- Sales of laminates and chemicals

  When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised when control of the goods has transferred, being when the goods have been delivered. The Group typically receives a 30% to 50% deposit on acceptance of manufacturing orders.

¥ Ò À € ƒ •

J è ù › â › Á Š ½ © Y ¥ Ò À – X Y B ¤ ½ h j

- V / J 8

  I « õ m J 8 o - X D Û £ Ò × _ ´ … õ ¥ Ò = 30% 50% Y 2 – d (õ Ò _ { ´ ë J 8 Y › S Æ Ã × _ q h ¥ Ò › ° f 2 – ¿ k ù › ° Œ ¬ ç Æ I J 8 ¥ Ò , œ ½ © ¥ Ò À d \ Ò _ { ˆ J 8 Y › S Æ ‰ ß f

  ä . d I « © ‰ d k ù › ° Œ 1 Þ } D Ó ± d ª ä d þ – X ¾ ý G ´ ë « ¼ Y ¦ r $ D 1 › ° Û œ = Y B ¤ * Æ f _ õ Ð › ° # , œ Y ¥ Ò À – X d … ˆ J 8 Y › S Æ 7 E Ò Û u # Š ½ © Y 8 X – X f

- V / ' Ö & ¿ · ˆ * Ü

  I « 6 õ [* z š • Ã × _ 2 – d ä Z õ ¥ Ò š • Û ¬ ç ¥ Ò À d \ 7 + ¬ J › S Æ € C t ù ¬ J ˜ Û • ½ © 8 X ‰ ß f I « · I õ Õ Ÿ ¡ ¿ Û × _ 30% 50% 2 – f

29. BANK BORROWINGS

29. Õ > r

			2021 Z g Z S Ë HK$'000 w ¥ ©
		[redacted]	
Bank loans	Õ r ›		18,377,553
Trust receipt loans	¦ Ä × ½ r ›		28,381
			18,405,934
Secured	Þ Ä -		1,502,367
Unsecured	Ì Ä -		16,903,567
			18,405,934

			2021 Z g Z S Ë HK$'000 w ¥ ©
		[redacted]	
Carrying amounts repayable*:	² õ ø h , œ µ ” ˜ * & =* j		
Within one year	S Ë «		10,411,380
Within a period of more than one year but not more than two years	S Ë ø j (” t @ G Ë		4,173,663
Within a period of more than two years but not more than five years	G Ë ø j (” t @ ž Ë		3,590,322
Within a period of more than five years	t @ ž Ë		230,569
			18,405,934
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:	• Þ ² õ Å ® Û µ ” Y â › Y Õ > r * & ≠€ • ‰ t À • (² õ ø h , œ µ ” j		
Within one year	S Ë «		24,000
Within a period of more than one year but not more than two years	S Ë ø j (” t @ G Ë		24,000
Within a period of more than two years but not more than five years	G Ë ø j (” t @ ž Ë		72,000
Within a period of more than five years	t @ ž Ë		230,569
			350,569
Carrying amount repayable within one year without repayment on demand clause	(Ì • Þ ² õ Å ® Û µ ” Y â › ² õ S Ë « Ð ù Y * & =		10,387,380
Amounts due within one year shown under current liabilities	õ S Ë « Q , ˜ › ° d • ‰ t À		10,737,949
Add: Amounts shown under non-current liabilities	j • ‰ ¢ t À ˜ › °		7,667,985
			18,405,934

* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

* Ð ù – X 2 ´ ë r › X D « Y k › µ ” Ú , • f

29. BANK BORROWINGS (continued)

As at 31 December 2022, bank borrowings amounted to HK$18,275,332,000 (2021: HK$17,393,012,000) are variable-rate borrowings which carry interest ranging from HIBOR + 0.78% to HIBOR + 1.15% (2021: HIBOR + 0.78% to HIBOR + 1.15%) per annum and bank borrowings amounted to HK$1,417,545,000 (2021: HK$852,282,000) are variable-rate borrowings which carry interest ranging from Loan Prime Rate (“LPR”) – 0.9% to LPR + 1.355% (2021: LPR + 1.355%) per annum. The remaining bank borrowings amounted to HK$54,285,000 (2021: HK$160,640,000) carry fixed interest rates was 2.6% (2021: ranging from 3.3% to 3.95%).

õ Z g Z Z Ë d Z Ü g d S Ú d Õ > r 18,275,332,000 ¥ ©€ Z g Z S Ë j 17,393,012,000 ¥ © •‰ ¹ > r d Ë ¹ § ÷ 0 ¥ Õ • 8 ð ¹ 0.78 v 0 ¥ Õ • 8 ð ¹ 1.15 v€ Z g Z S Ë j 0 ¥ Õ • 8 ð ¹ 0.78 v 0 ¥ Õ • 8 ± ¹ 1.15 v •” d ø ¿ Õ > r1,417,545,000 ¥ ©€ Z g Z S Ë j852,282,000 ¥ © •‰ ¹ > r d Ë ¹ ‰ r › 9 ; ¯0.9 v r › 9 ; 1.355 v€ Z g Z S Ë j r › 9 ; 1.355 v •f q h Õ > r54,285,000 ¥ ©€ Z g Z S Ë j 160,640,000 ¥ © •2 x › ; 2.6 v€ Z g Z S Ë j § ÷3.3 v 3.95• ¹ f

At 31 December 2022 and 2021, certain bank loans and trust receipt loans of the Group are covered by corporate guarantees given by Kingboard Investments Limited, a wholly-owned subsidiary of the Group.

õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú d I « ð • Õ r › ¿ ¦ Ä × ½ r › I « S • Œ ¹ Þ • n ® ! b ³ Þ " ® ! d 6 ® ! Ä - f

The range of effective interest rates per annum (which are also equal to contracted interest rates) on the Group’s bank borrowings are as follows:

I « Õ > r ˜ Ê Ë ¼ ç ; € ´ … õ Š Ò ; ∢ ½ h j

			2021
			Z g Z S Ë
Effective interest rates	¼ ç ;	[redacted]	
Variable-rate borrowings	¹ > r		0.94% to 5.16%
			0.94 v 5.16 v

Included in bank borrowings are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

Õ > r < h • ø « ¼ ´ ë ˜ • ¬ Æ ø . ¬ Æ = ˜ › X j

			2021
			Z g Z S Ë
			HK$’000
			w ¥ ©
HK$	¥ ©	[redacted]	334,052

30. LEASE LIABILITIES

30. a # À

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Lease liabilities payable:	Ð ù a # À j	[redacted]	
Within one year	S Ë «	[redacted]	3,969
Within a period of more than one year but not more than two years	S Ë ø j (" t @ G Ë	[redacted]	2,593
Within a period of more than two years but not more than five years	G Ë ø j (" t @ ž Ë	[redacted]	2,898
Within a period of more than five years	t @ ž Ë	[redacted]	943
		[redacted]	10,403
Less: Amount due for settlement within 12 months shown under current liabilities	¯ j t À Ô j12 H Ü « Q , Q Y – X	[redacted]	(3,969)
Amount due for settlement after 12 months shown under non-current liabilities	¢ t À Ô j12 H Ü Q , Q Y – X	[redacted]	6,434

No extension options are included in any of the lease agreements entered by the Group. The incremental borrowing rates applied by the relevant group entities range from 1.11% to 4.75% (2021: 1.11% to 4.75%). These lease liabilities were measured at the present value of the payments that are not yet paid.

Lease obligations are denominated in currencies which are same as the functional currencies of the relevant group entities.

I « m Y Ô Þ a Ò (Ì 1 • , ƒ , o ¿ Æ f Þ ë « ¼ G \ Y - # > r ; § ÷1.11 v 4.75 v€ Z g Z S Ë j1.11 v 4.75 v •f a # À 2 J Õ ù ù › Y $ = Q f

a # ª , ø ~ Þ ë « ¼ • ¬ Æ ´ • Y ¬ Æ • = f

		Authorised , ›		Issued and fully paid Š ï ¿ Š ®	
		Number of shares p … p f	Amount – X HK$'000 w ¥ ©	Number of shares p … p f	Amount – X HK$'000 w ¥ ©
Ordinary shares of HK$0.10 each:	Ê p & =0.10 ¥ © ˜ w · p j				
At 1 January 2021	õ Z g Z S Ë S Ü S Ú	2,000,000,000	200,000	1,105,791,736	110,579
Exercise of share options (Note 32)	4 … p Æ€ • W32 •	–	–	3,000,000	300
At 31 December 2021 and 2022	õ Z g Z S Ë ¿ Z g Z Z Ë d Z Ü g d S Ú	2,000,000,000	200,000	1,108,791,736	110,879

All shares issued pari passu with the existing shares in all respects.

Ô Þ p … õ ¢ Ù & ~ $ Þ p … . Þ • Æ ; f

32. SHARE OPTIONS

32. … p Æ

(a) Employees' share option scheme of the Company

The Company adopted the New Share Option Scheme (the "Scheme") which was approved by the shareholders at the extraordinary general meeting of the Company held on 27 May 2019. The Scheme will remain in force for a period of ten years from the date on which it was adopted.

The purpose of the Scheme is to provide incentive or reward to the eligible participants (the "Eligible Participants") for their contribution to, and continuing efforts to promote the interests of the Group.

(a) I ® ! ‡ p … p Æ Œ

I ® ! Š ® v - … p Æ Œ€ Œ ™d Œ õ I ® ! ¯ Z g S X Ë ž Ü Z d V Ú X Y p $ 9 } 6 j p - X f Œ · @ ˜ Ú Î d Ë « Þ Ö f

Œ Y £ m f Y ¯ õ ç ¸ Ð ¤ ¸ ¥ ø ~ k€ ¥ ø ~ k ™Á d ÷ I « ; B Y Í ¿ 5 ƒ @ b f

32. SHARE OPTIONS (continued)

(a) Employees' share option scheme of the Company (continued)

Under the Scheme which is valid for a period of ten years, the Directors may, at their discretion, grant options to subscribe for shares in the Company to Eligible Participants who contribute to the long term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in which the Group holds any equity interests ("Invested Entity"), including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and (vi) any person or entity who from time to time determined by the board of directors (the "Board") as having contributed or may contribute to the development and growth of the Group based on his or its performance and/or years of service, or is regarded as valuable resources of the Group based on his/it's working experience, knowledge in the industry and other relevant factors. The exercise price for the Company's share options shall be determined with reference to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The Board, when extending an offer of the grant of options to a grantee, may impose conditions as it thinks fit, which may include minimum period for which an option must be held before it can be exercised or other conditions as the Board may of its absolute discretion determine. The options must be taken up by a participant within 28 business days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the Directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any evwhich not later than ten years from the date of adoption of the Scheme.

32. … p Æƒ •

(a) l ® ! ‡ p … p Æ Œ €ƒ •

ì ½ Þ Ö , ‰ d Ë ˜ Œ d l ® ! è + ä ‹ £ Á l ® ! — Ã # — ¿ ® ; * Í ˜ ¥ ø ~ k ¬ … p Æ d ø © … l ® ! p … f ¥ ø ~ k <(i) l ® ! e l , • n ® ! Ð l « 5 Þ , p Æ ˜ , ¼ €˜ a ³ ¼ ™• , Œ Ð R ‡ p d < l ® ! e , • n ® ! Ð , a ³ ¼ ˜ , B è + i(ii) l ® ! e l • n ® ! Ð , a ³ ¼ , ¢ B è + d < ù m ¢ B è + i (iii) l « , Ó p ® ! Ð , a ³ ¼ ˜ , ¬ Ü Ð 6 Ð i (iv) l « Ð , a ³ ¼ ˜ , Ò i(v) l « , Ó p ® ! Ð , a ³ ¼ ˜ , p Ð l « , Ó p ® ! Ð a ³ ¼ ˜ , Š ï Ç N 5 Þ [i ¿ (vi) è + 6€˜ è + 6 ™•" Û 2 l Œ $ ¿ J Ð Ë , þ © ‰ € ¾ Ð • Á l « ï • ¿ # — * Í d Ð 2 l õ 8 « ˆ * ¾ e] Æ ¿ l ü ´ ë ª o þ — V ‰ l « n U ˜ , [{ Ð ¼ f l ® ! … p Æ ˜ 4 ² ý l ® ! p … & = e l ® ! p … õ a Ÿ Ò ¬ … p Æ Ú , Ã ž H t ø Ú õ L t Ô Ô ; i × 9 ¿ l ® ! p … õ Ò ¬ … p Æ Ú , õ L t Ô Ô × 9 ˜ ð ÷ k f è + 6 ¯ Ò } £ Õ ¬ [¬ … p Æ Y Ò Û d ¯ l © ‰ ¥ G Y ‹ 1 h D â • d â • • < … p Æ 4 Ã @ ² 5 Þ Y ð õ Û œ d Ð è + 6 Œ Æ ä ‹ > › Y l ü â • f ~ k ² õ ¬ Ú , 28 H 8 Ú « Ÿ v … p Æ d Ÿ v Û ² Õ ù1 ¥ © d … p Æ õ è + > › (·] ¢ Õ ¬ [˜ , œ « 4 d , œ _ Ÿ v Ò ¬ … p Æ ˜ Ú Î d " Ì ½ ² " p õ Œ ® v Ú , Î d Ë ß f

32. SHARE OPTIONS (continued)

(a) Employees' share option scheme of the Company (continued)

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the Scheme. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the shareholders in general meeting. The number of options available for grant under the Scheme was 78,815,223 as at 1 January 2022 and 62,445,223 as at 31 December 2022. The number of shares that may be issued in respect of options granted under the Scheme during 2022 (i.e. 16,370,000) divided by the weighted average number of issued shares of the Company for 2022 was 1.48%. As at the date of this annual report, the number of options available for grant under the Scheme was 62,445,223, representing 5.63% of the total number of issued shares of the Company.

As at 31 December 2022, there was no participant with share options granted in excess of the individual limit.

During the year ended 31 December 2022, no option has lapsed or has been exercised, or cancelled under the KHL Scheme, 16,370,000 (2021: N/A) outstanding share options were granted.

As at 31 December 2022, there were 16,390,000 (2021: 20,000) options outstanding under the KHL Scheme.

(a) I ® ! ‡ p … p Æ Œ € ƒ •

ª ì ½ Œ ¿ I « , I ü Œ Ô Þ Z š ¬ ˜ … p Æ€ " < ì ½ Œ ¿ I « , I ü Œ ˜ â › Š 0 Ö ˜ … p Æ • 4 þ ï ˜ I ® ! p … < p d ¥ • " { t @ I ® ! õ - X Œ Ú , Š ï p … 10% f ª ì ½ Œ ¿ I « , I ü Œ Ô Þ Š ¬ J 4 ¿ Þ 4 ˜ … p Æ 4 þ ï ˜ I ® ! p … p f " X d " { t @ I ® ! " Û Š ï p … 30% f Ú ¬ Ú , ß , d Z H Ü , œ d ª ì ½ Œ Ð I « , I ü Œ ¬ š ¢ Õ ¬ [˜ … p Æ€ < Š 4 ¿ J 4 ˜ … p Æ • 4 þ ï ¿ Z š ï ˜ I ® ! p … < p d " { t @ I ® ! õ ¬ Ú , Š ï p …1% d ð ¢ p õ p } 6 - X d Æ * 9 f õ Z g Z Z Ë S Ü S Ú ¿ Z g Z Z Ë d Z Ü g d S Ú d Œ ° h 6 ¬ Y … p Æ p f ± 9 ‰78,815,223 … ¿62,445,223 … f õ Z g Z Z Ë ì ½ Œ ¬ Y … p Æ š ï Y p … p f € C16,370,000 p ð ø Z g Z Z Ë I ® ! Š ï p … Y Æ ; i p ‰1.48% f õ I Ë Ú , d ì ½ Œ 6 ¬ Y … p Æ p f ‰62,445,223 p d & I ® ! Š ï p … < p Y5.63% f

Ú Z g Z Z Ë d Z Ü g d S Ú d " À ¯ t @ H 9 " S ¬ š … p Æ Y ~ k f

Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë d b « Œ ° h ? Ì … p Æ 0 Ö Ð 4 Ð W V d 16,370,000 …€ Z g Z S Ë j " G \ • J 4 … p Æ ¬ f

õ Z g Z Z Ë d Z Ü g d S Ú d b « Œ ° h Þ16,390,000 …€ Z g Z S Ë j 20,000…•. p Æ J 4 f

32. SHARE OPTIONS (continued)　　32. … p Æ€ƒ •

(a) Employees' share option scheme of the Company (continued)　　(a) I ® ! ‡ p … p Æ Œ €ƒ •

A summary of the movements of the number of share options under the Scheme for the year is as follows:

Ë « d Œ ° h ˜ … p Æ p f ? ½ h j

Date of grant ¬ Ú ,	Balance at 1 January 2021 õ Z g Z S Ë S Ü S Ú ˜ q	Exercised during the year ended 31 December 2021 õ Ú Z g Z S Ë d Z Ü g d S Ú ß Ë 4 (Note i) € • Wi •	Balance at 31 December 2021 õ Z g Z S Ë d Z Ü g d S Ú Y q X	Granted during the year õ Ë « ¬ (Note ii) € • Wii •	Balance at 31 December 2022 õ Z g Z Z Ë d Z Ü g d S Ú Y q X	Exercise price per share Ê p 4	Exercisable period 4 ,
Granted to Directors on: ¬ š è + j							
14 August 2019 Z g S X Ë ^ Ü d , Ú	3,020,000	(3,000,000)	20,000	–	20,000	HK$17.304 17.304 ¥ ©	14 August 2019 to 13 August 2029 Z g S X Ë ^ Ü d , Ú Z g Z X Ë ^ Ü d g Ú
23 June 2022 Z g Z Z Ë ¬ Ü Z d g Ú	–	–	–	12,650,000	12,650,000	HK$30.89 30.89 ¥ ©	23 June 2022 to 22 June 2032 Z g Z Z Ë ¬ Ü Z d g Ú Z g g Z Ë ¬ Ü Z d Z Ú
Granted to employees on (Note iii): ¬ š ‡ p€ • Wiii •							
23 June 2022 Z g Z Z Ë ¬ Ü Z d g Ú	–	–	–	3,720,000	3,720,000	HK$30.89 30.89 ¥ ©	23 June 2022 to 22 June 2032 Z g Z Z Ë ¬ Ü Z d g Ú Z g g Z Ë ¬ Ü Z d Z Ú
	3,020,000	(3,000,000)	20,000	16,370,000	16,390,000		
Exercisable at õ ø h Ú , š 4							
1 January 2021 Z g Z S Ë S Ü S Ú	3,020,000						
31 December 2021 Z g Z S Ë d Z Ü g d S Ú	20,000						
31 December 2022 Z g Z Z Ë d Z Ü g d S Ú	16,390,000						

32. SHARE OPTIONS (continued)

(a) Employees' share option scheme of the Company (continued)

(a) I ® ! ‡ p … p Æ Œ € ƒ •

Notes:

• W j

(i) During the year ended 31 December 2021, under the Scheme, options of 3,000,000 shares granted by the Company at exercise price of HK$17.304 per share were exercised. The weighted average closing prices of the Company's shares on the Stock Exchange on the five trading days immediately before the exercise date was HK$40.86. The amount of HK$13,487,000 was reclassified from share-based payments reserve to share premium.

(i) Ú Z g Z S Ë d Z Ü g d S Ú ß Ë d ì ½ Œ d õ I ® ! Y 3,000,000 p p … Ê p 4 17.304 ¥ © Y … p Æ 4 f I ® ! õ L t Ô a Ÿ 4 Ú , Ã ž H t ø Ú Y p … Y Æ ; i × 9 ‰ 40.86 ¥ © f 13,487,000 ¥ © Y – X } … p Æ · ê — - ± ó p … P f

(ii) During the year ended 31 December 2022, 16,370,000 options were granted by the Company on 23 June 2022 under the Scheme of the Company, of which 14,490,000 options were granted to directors and/or their associate(s) and 1,880,000 were granted to employees (excluding any associate of directors). The closing price of the Company's shares on 22 June 2022 (namely the date immediately before the aforesaid grant date) is HK$28.80. The estimated fair value of the aforesaid options was HK$77,300,000, of which HK$68,423,000 was attributable to the options granted to directors and/or their associate(s) while HK$8,877,000 was attributable to the options granted to employees. The fair value of each of the abovementioned options was identical, namely HK$4.722. All share options were vested on the date of grant.

(ii) Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë d I ® ! õ Z g Z Z Ë ¬ Ü Z d g Ú ì ½ I ® ! Œ ¬ 16,370,000 … … p Æ d I • 14,490,000 … … p Æ ¬ š è + ¿ J Ð I L © [d 1,880,000 … ¬ š ‡ p€ " < , è + ˜ L © [•f I ® ! p … õ Z g Z Z Ë ¬ Ü Z d Z Ú€ C a Ÿ j ¬ Ú , Ã S Ú •Y × 9 ‰ 28.80 ¥ © f j … p Æ ˜ ® ; = ‰ 77,300,000 ¥ © d I • 68,423,000 ¥ © å n õ ¬ š è + ¿ J Ð ¾ ˜ L © [˜ … p Æ d þ8,877,000 ¥ © å n õ ¬ š ‡ p ˜ … p Æ f j ¢ … … p Æ Y ® ; = ´ • d ‰ 4.722 ¥ © f Ô Þ … p Æ õ ¬ Ú , å n f

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

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	2022 Z g Z Z Ë
Share price at grant date ¬ Ú , p	HK$29.65 29.65 ¥ ©
Exercise price 4	HK$30.89 30.89 ¥ ©
Expected volatility k , *	34.28%
Expected life k , Ë ,	10 years 10 Ë
Risk-free interest rate Ì , ˆ ;	2.632%
Expected dividend yield k , p ¹ × B	10.42%
Early exercise multiple (Directors) d Ã 4 4 p€ è + •	1.40x 1.40 4
Early exercise multiple (Employees) d Ã 4 4 p€ ‡ p •	1.23x 1.23 4

The measurement date of the options disclosed herein is the date of grant of these options.

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32. SHARE OPTIONS (continued)

(a) Employees' share option scheme of the Company (continued)

Notes: (continued)

(ii) (continued)

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the valuer's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

(iii) Including the interests of 1,840,000 share options of spouse of Mr. Ho Yin Sang, a director of KHL. The spouse of Ho Yin Sang is an employee of KLHL.

The Group recognised the expense of HK$77,300,000 (2021: nil) for the year ended 31 December 2022 in relation to the above 16,370,000 share options granted by the Company.

The share options outstanding had a weighted average exercise price of HK$30.87 (2021: HK$17.304), and the

32. SHARE OPTIONS (continued)

(b) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") (continued)

The KLHL Scheme is valid for a period of ten years. The board of KLHL may, at its discretion, grant options to subscribe for shares in KLHL to (i) eligible participants who contribute to the long-term growth and profitability of KLHL and include any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of KLHL, any of its subsidiaries or any entity ("KLHL's Invested Entity") in which the KLHL and its subsidiaries (collectively referred to as the "KLHL Group") holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of KLHL, any of its subsidiaries or any KLHL's Invested Entity; (iii) any supplier of goods or services to any member of the KLHL Group or any KLHL's Invested Entity; (iv) any customer of the KLHL Group or any KLHL's Invested Entity; (v) any person or entity that provides research, development or other technological support to the KLHL Group or any KLHL's Invested Entity; and (vi) any shareholder of any member of the KLHL Group or any KLHL's Invested Entity.

The exercise price of KLHL's share in respect of any option granted under the KLHL Scheme was determined with reference to the highest of (i) the closing price of the shares of KLHL as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the shares of KLHL as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of KLHL. For details, please refer to the announcement of KLHL dated 23 April 2017.

32. SHARE OPTIONS (continued)

(b) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") (continued)

The option may be accepted by a participant within 28 days from the date of the offer for the grant of the option upon the payment of a consideration of HK$1. An option may be exercised at any time during a period to be determined and notified by the directors of KLHL to each grantee, and in the absence of such determination, from the date upon which the offer for the grant of the option is accepted but shall end in any event not later than ten years from the date of grant of the option subject to the provisions for early termination thereof. The directors of KLHL may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

The total number of shares of KLHL which may be issued upon exercise of all options to be granted under the KLHL Scheme (excluding, for this purpose, options lapsed in accordance with the terms of the KLHL Scheme and any other share option scheme of KLHL) must not in aggregate exceed 10% of the total number of shares of KLHL in issue as at the date of approval of the KLHL Scheme by the shareholders and the shareholders of KLHL (i.e. 308,100,000 shares of KLHL, representing 10.0% of the total issued share capital of KLHL as at the date these consolidated financial statements are authorised for issue). The number of options available for grant under the KLHL Scheme was 269,100,000 as at 1 January 2022 and 232,200,000 as at 31 December 2022. The number of shares that may be issued in respect of options granted under the KLHL Scheme during 2022 (i.e. 36,900,000) divided by the weighted average number of issued shares of KLHL for 2022 was 1.18%. As at the date of this annual report the number of options available for grant under the KLHL Scheme was 232,200,000 representing 7.44% of the total number of issued shares of KLHL.

32. SHARE OPTIONS (continued)

(b) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") (continued)

The maximum number of shares of KLHL which may be issued upon exercise of all outstanding options granted and yet to be exercised under the KLHL Scheme and any other share option scheme of KLHL must not exceed 30% of the issued share capital of KLHL from time to time.

The total number of shares of KLHL issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the share capital of KLHL then in issue unless approved by the shareholders of KLHL and shareholders of the Company in general meetings.

During the year ended 31 December 2022, 36,900,000 options were granted by KLHL on 23 June 2022 under the KLHL Scheme, of which 29,000,000 options were granted to directors of KLHL and 7,900,000 were granted to employees of KLHL.

As at 31 December 2022, 36,900,000 options remained outstanding under the KLHL Scheme. The closing price of KLHL's shares on 22 June 2022 (namely the date immediately before the aforesaid grant date) is HK$9.46. The estimated fair value of the aforesaid options was HK$48,000,000, of which HK$37,724,000 was attributable to the options granted to directors of KLHL while HK$10,276,000 was attributable to the options granted to employees of KLHL. The fair value of each of the abovementioned options was identical, namely HK$1.3008. All share options were vested on the date of grant, 23 June 2022.

As at 31 December 2022, there was no participant with share options granted in excess of the individual limit.

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õ Z g Z Z Ë d Z Ü g d S Ú d b 4 Œ ° h ¥ Þ 36,900,000 … … p Æ J 4 f b 4 p … õ Z g Z Z Ë ¬ Ü Z d Z Ú€ C a Ÿ j ¬ Ú , Ã S Ú •˜ × 9 ‰9.46 ¥ © f j … p Æ ˜ ® ; = ‰ 48,000,000 ¥ © d I • 37,724,000 ¥ © å n õ b 4 è + d þ10,276,000 ¥ © å n õ b 4 ‡ p f j ¢ … … p Æ Y ® ; = ´ • d ‰1.3008 ¥ © f Ô Þ … p Æ õ ¬ Ú , C Z g Z Z Ë ¬ Ü Z d g Ú å n f

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32. SHARE OPTIONS (continued)

(b) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") (continued)

During the year ended 31 December 2022, no option has lapsed or has been exercised, or cancelled under the KLHL Scheme. As at 31 December 2022, 36,900,000 (2021: N/A) outstanding share options were exercisable.

A summary of movements of the number of share options under the KLHL Scheme for the year was as follows:

Date of grant	Balance at 1 January 2021 and 31 December 2021	Granted during the year (Note i)	Balance at 31 December 2022	Exercise price per share	Exercisable period
Granted to the directors of KLHL on:					
23 June 2022	–	29,000,000	29,000,000	HK$9.728	23 June 2022 to 22 June 2032
Granted to employees of KLHL on (Note ii):					
23 June 2022	–	7,900,000	7,900,000	HK$9.728	23 June 2022 to 22 June 2032
	–	36,900,000	36,900,000		
Exercisable at					
1 January 2021	–				
31 December 2021	–				
31 December 2022	36,900,000				

32. SHARE OPTIONS (continued)

(b) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") (continued)

Notes:

(i) During the year ended 31 December 2022, 36,900,000 options were granted by KLHL on 23 June 2022 under the share option scheme of KLHL, of which 29,000,000 options were granted to directors of KLHL and 7,900,000 were granted to employees of KLHL. As at 31 December 2022, 36,900,000 options remained outstanding under the share options scheme of KLHL. The closing price of KLHL's shares on 22 June 2022 (namely the date immediately before the aforesaid grant date) is HK$9.46. The estimated fair value of the aforesaid options was HK$48,000,000, of which HK$37,724,000 was attributable to the options granted to directors of KLHL while HK$10,276,000 was attributable to the options granted to employees of KLHL. The fair value of each of the abovementioned options was identical, namely HK$1.3008. All share options were vested on the date of grant.

These fair values were calculated using the Binomial pricing model. The inputs into the model were as follows:

	2022
Share price at grant date	HK$9.550
Exercise price	HK$9.728
Expected life	10 years
Expected volatility	39.132%
Expected dividend yield	15.81%
Risk-free interest rate	2.632%
Early exercise multiple (Directors)	1.23x
Early exercise multiple (Employees)	1.22x

32. SHARE OPTIONS (continued)

(b) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") (continued)

Notes: (continued)

(i) (continued)

The measurement date of the options disclosed herein is the date of grant of these options.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the valuer's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variable and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

(ii) Including the interests of 5,900,000 share options of spouse of Mr. Ho Yin Sang, a director of KHL. The spouse of Mr. Ho Yin Sang is an employee of KLHL.

The Group recognised the total expense of HK$48,000,000 (2021: nil) for the year ended 31 December 2022 in relation to the above 36,900,000 share options granted by KLHL.

The share options outstanding had a weighted average exercise price of HK$9.728 (2021: N/A), and a weighted average remaining contract lives of the outstanding share options are approximately 10 years (2021: N/A) as at 31 December 2022.

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õ Z g Z Z Ë d Z Ü g d S Ú d J 4 … p Æ Y Æ ; i 4 ‰9.728 ¥ ©€ Z g Z S Ë j " G \ •d þ J 4 … p Æ Y Æ ; i õ q ¥ Ò Ë , Ò ‰10 Ë € Z g Z S Ë j " G \ f

	Share of net assets of subsidiaries Ð & • n ® ! 8 * HK$'000 w ¥ ©	Share-based payments reserve of a subsidiary S œ • n ® ! ˜ ø p … – Ì ù › · ê HK$'000 w ¥ ©	Total < HK$'000 w ¥ ©
At 1 January 2021 õ Z g Z S Ë S Ü S Ú	4,933,803	–	4,933,803
Acquisitions of additional interests in subsidiaries × … • n ® ! X . Æ B	(713,215)	–	(713,215)

34. ACQUISITION OF A SUBSIDIARY

On June 2022, the Group acquired 100% equity interests in Two London Wall Place Limited, a company incorporated in the Jersey Island, from an independent third party ("the vendor") for a cash consideration of approximately HK$2,836,318,000. Two London Wall Place Limited is principally engaged in holding a commercial tower in United Kingdom for rental purpose.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 and concluded that the investment properties was considered a single identifiable asset.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated a single identifiable asset and concluded that the acquired set of activities and assets is not a business.

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34. ACQUISITION OF A SUBSIDIARY

(continued)

Consideration transferred: Š 7 + þ j

		[redacted]
Cash paid	Š ù $ –	[redacted]
Assets acquired and liabilities recognised at the date of acquisition:	õ × … Ú , × … * ¿ ½ © À j	[redacted]
Investment properties	³ J 8	
Other receivables	I ü Ð × * ›	
Cash and cash equivalents	$ – ¿ $ – = ° f	
Other payables	I ü Ð ù › °	
Shareholder's loan	p r ›	
Bank borrowings	Õ > ›	
Repayment of shareholder's loan by the vendor	- Ù µ " p r ›	
Repayment of bank borrowings by the vendor	- Ù µ " Õ > ›	

Net Cash outflow in respect of the acquisition of a subsidiary: × … S œ • n ® ! ˜ $ – t 8 X j

		[redacted]
Cash consideration paid	Š ù $ – þ	
Cash and cash equivalents	$ – ¿ $ – = ° f	

35. DISPOSAL OF A SUBSIDIARY

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On 29 January 2021, the Group disposed of its entire equity interest in a subsidiary, Huaian Kingboard Garden Real Estate Co. Ltd. (Ä b € ä Ä 8 Þ " ® !), a subsidiary holding the properties held for development in the PRC, to an independent third party for a cash consideration of RMB212,353,000 (equivalent to HK$255,764,000). The net assets at the end of disposal were as follows:

õ Z g Z S Ë S Ü Z d X Ú d I « ø $ – þ [O Æ 212,353,000 ©€ ´ … õ 255,764,000 ¥ © • / I • S œ 5 Þ • 7 ï • J 8 Y • n ® ! Ä b € ä Ä 8 Þ " ® ! Y Œ Å p Æ š ù m K g Ù f / + ° ¼ Û ˜ * X ½ h j

Consideration received:

Š × þ j

		2021 Z g Z S Ë HK$'000 w ¥ ©
Total cash consideration received	Š × $ – þ < X	255,764
Analysis of assets and liabilities over which control was lost:	Š 0 › S Æ Y * ¿ À Y ± j	
Property, plant and equipment	J 8 e @ Ò ¿ £ ê	6
Properties held for development	ï • J 8	653,251
Other receivables and prepayments	I ü Ð × * › ¿ k ù › °	405,088
Bank balances and cash	Õ q ¿ $ –	59,227
Trade and other payables	q ø ¿ I ü Ð ù * ›	(1,085,988)
Net assets disposed of	/ ˜ * X	31,584
Gain on disposal of a subsidiary:	/ S œ • n ® ! ˜ × B j	
Cash consideration received	Š × $ – þ	255,764
Net assets disposed of	/ ˜ * X	(31,584)
		224,180

Net cash outflow arising on disposal:

/ * [˜ $ – t X j

		2021 Z g Z S Ë HK$'000 w ¥ ©
Total cash consideration	$ – þ < X	255,764
Less: advance received in prior year	¯ j j S Ë × Q Y ¦ › / ˜	(239,693)
bank balances and cash disposed of	Õ q X ¿ $ –	(59,227)
		(43,156)

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

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The capital structure of the Group consists of bank borrowings and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, other reserves and retained profits as disclosed in the consolidated statement of changes in equity.

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The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. In the opinion of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

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37. FINANCIAL INSTRUMENTS

37. – D ˆ H

(a) Categories of financial instruments

(a) – D ˆ H ó 9

		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
Financial assets	– D *		
Financial assets at amortised cost	2 Å V Ó I Q Y – D *		22,681,930
Equity instruments at FVTPL	2 ® ; =] & B Y Æ B ˆ H		8,542,096
Debt instruments at FVTOCI	2 ® ; =] I ü Œ & × B Y À ˆ H		1,034,455
		[redacted]	32,258,481
Financial liabilities	– D À	[redacted]	
Amortised cost	Å V Ó I		
– trade and other payables	Ñ q ø ¿ I ü Ð ù * ›		4,385,553
– bills payables	Ñ Ð ù C ½		728,144
– bank borrowings	Ñ Õ > r		18,405,934
		[redacted]	23,519,631

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 12.1% (2021: 8.3%) of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst almost 19.6% (2021: 13.8%) of purchases are denominated in currencies other than the functional currency of the relevant group entities.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are disclosed in respective notes. The management continuously monitors the foreign exchange exposure and will consider hedging foreign currency risk should the need arise.

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to fluctuation against foreign currencies of US$, HK$, Euro and GBP. The following table details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in functional currency of respective group entities against the relevant foreign currencies, excluding the exposures on balances denominated in US$ of respective group entities of which functional currencies are HK$, since the Directors are of the option that such exposures are not significant as HK$ is pegged to US$. 5% (2021: 5%) represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only the outstanding monetary items denominated in foreign currency and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) changes in foreign currency rates. The sensitivity analysis includes trade and other receivables, bank balances and cash, trade and other payables, bank borrowings as well as debt instruments at FVTOCI. A positive (negative) number below indicates an increase (decrease) in post-tax profit for the year where functional currency of each group entity strengthens 5% (2021: 5%) against the relevant foreign currency. For a 5% (2021: 5%) weakening of functional currency of each group entity against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit for the year.

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		[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
US$	Õ ©		(74,603)
HK$	¥ ©		(17,341)
Euro	„ ©		(3,682)
GBP	õ @		(631)

In the opinion of the Directors, the sensitivity analysis is unrepresentative of inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable (see Note 23 for details of the loan receivable), listed bond securities with fixed coupon interest (see Note 22 for details of these listed bond securities), fixed-rate lease liabilities (see Note 30 for details of these lease liabilities) and fixed-rate bank borrowings (see Note 29 for details of these bank borrowings). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The Group's bank balances, restricted bank deposits, entrusted loans and variable-rate borrowings have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and LPR (2021: HIBOR and LPR) arising from the Group's bank borrowings.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

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Market risk (continued)

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Interest rate risk (continued)

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Total interest revenue/income from financial assets that are measured at amortised cost or at FVTOCI is as follows:

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			2021 Z g Z S Ë HK$'000 w ¥ ©
Interest revenue	; ¹ ×]	[redacted]	
Financial assets at FVTOCI	2 ® ; =] I ü Œ & × B Y – D *		273,535
Other income	I ü ×]		
Financial assets at amortised cost	2 Å V Ó I Q Y – D *		40,728

Interest expense on financial liabilities not measured at FVTPL:

¢ 2 ® ; =] & B Y – D À Y ; ¹ š Õ j

			2021 Z g Z S Ë HK$'000 w ¥ ©
Financial liabilities at amortised cost	2 Å V Ó I Ž Y – D À	[redacted]	320,733

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for entrusted loans and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2021: 50 basis points) increase or 50 basis points (2021: 50 basis points) decrease are used and represents the management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rate had been 50 basis points (2021: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2022 would decrease/increase by HK$80,823,000 (2021: decrease/increase by HK$75,132,000) as a result of the Group's exposure to interest rates on its entrusted loans and variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Group is exposed to equity and debt price risk through its investments in equity instruments measured at FVTPL and debt instruments at FVTOCI. For equity instruments measured at FVTPL and debt instruments at FVTOCI quoted in the Stock Exchange, Tokyo Stock Exchange and SGX, the management manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Price risk (continued)

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity and debt price risk at the reporting date.

If the prices of the respective equity instruments had been 10% (2021: 10%) higher/lower, the post-tax profit for the year ended 31 December 2022 would increase/decrease by HK$546,180,000 (2021: increase/decrease by HK$713,265,000) as a result of the changes in fair value of equity investments at FVTPL.

If the prices of the respective debt instruments had been 10% (2021: 10%) higher/lower, the investment revaluation reserve for the year ended 31 December 2022 would increase/decrease by HK$62,993,000 (2021: increase/decrease by HK$103,446,000) as a result of the changes in fair value of investments at FVTOCI.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customer

In order to minimise the credit risk, the Directors have delegated the management to be responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group monitors any changes in the credit quality of the trade receivables since the credit was granted and up to the end of the reporting period. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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J ¢ À ˆ H ˜ ø # J ¯ Ç 10%€ Z g Z S Ë j10% ‹d õ Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë Y ˜ ³ · ê Z # J ¯ Ç62,993,000 ¥ ©€ Z g Z S Ë j # J ¯ Ç103,446,000 ¥ © ‹d W _ õ 2 ® ; =] I ü Œ & × B ˜ ³ ® ; = Ô ç f

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables arising from contracts with customer (continued)

The Group has no significant concentration of credit risk on trade receivables with exposure spread over a number of customers. However, the Group is exposed to the concentration on geographic segment in the PRC. At 31 December 2022, approximately 95% (2021: 95%) of the Group's trade receivables are arising from the PRC.

Except for credit-impaired trade receivables which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings. Details of the quantitative disclosures are set out below in this note.

Collective assessments

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed collectively as at 31 December 2022 and 2021 within lifetime ECL (not credit-impaired). Credit-impaired debtors with gross carrying amounts of HK$304,826,000 as at 31 December 2022 (2021: HK$72,894,000) were assessed individually. Credit-impairment debtors are fully provided ECL.

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(b) Ì , ˆ M # f z ¿ A € ƒ •

Credit risk and impairment assessment (continued)

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Collective assessments (continued)

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For the year ended 31 December 2022:

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Internal credit rating « Å ¦ r Y t		[redacted]
Low risk	- , ˆ	
Watch list	9 À ¤	
Doubtful	L *	

For the year ended 31 December 2021:

Ú Z g Z S Ë d Z Ü g d S Ú ß Ë j

Internal credit rating « Å ¦ r Y t		Gross trade receivables q ø Ð × * › < X HK$'000 w ¥ ©	Range of loss rates f & Í	ECL k , ¦ r f & HK$'000 w ¥ ©	Net trade receivables q ø Ð × * › X HK$'000 w ¥ ©
Low risk	- , ˆ	6,812,861	1% – 4%	246,345	6,566,516
Watch list	9 À ¤	3,111,071	5% – 20%	623,515	2,487,556
Doubtful	L *	840,061	30% – 40%	314,769	525,292
		10,763,993		1,184,629	9,579,364

37. FINANCIAL INSTRUMENTS (continued)

37. – D ˆ H € ƒ •

(b) Financial risk management objectives and policies (continued)

(b) Ì , ˆ M # f z ¿ A € ƒ •

Credit risk and impairment assessment (continued)

¦ r , ˆ ¿ ¯ = Y € ƒ •

The Group's internal credit risk grading assessment comprises the following categories:

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Internal credit rating « Å ¦ r Y t	Description \	Trade receivables q ø Ð × * ›	Other financial assets/ other items I ü – D * J I ü ° f
Low risk - , ˆ	The counterparty has a low risk of default Á Ó Ù < Ò , ˆ -	Lifetime ECL – not credit-impaired Œ , k , ¦ r f & Ñ Ì ¦ r ¯ =	12m ECL 12 H Ü k , ¦ r f &
Watch list 9 À ¤	Doubtful debtor frequently repays after due dates but usually settle in full µ À • b À 2 Y À [¾ I õ Q , Ú µ ” › ° d (· I Œ p ö µ	Lifetime ECL – not credit-impaired Œ , k , ¦ r f & Ñ Ì ¦ r ¯ =	12m ECL 12 H Ü k , ¦ r f &
Doubtful L *	There have been significant increases in credit risk since initial recognition through information developed internally or external resources · @ « Å [Ó Ð . Å U _ Y Ø j ¦ r , ˆ ‹ • ½ © ø 8 9 j º	Lifetime ECL – not credit-impaired Œ , k , ¦ r f & Ñ Ì ¦ r ¯ =	Lifetime ECL – not credit-impaired Œ , k , ¦ r f & Ñ Ì ¦ r ¯ =
Loss f &	There is evidence indicating the asset is credit-impaired Þ Ç ½ j * $ ¦ r ¯ =	Lifetime ECL – credit-impaired Œ , k , ¦ r f & Ñ ¦ r ¯ =	Lifetime ECL – credit-impaired Œ , k , ¦ r f & Ñ ¦ r ¯ =
Write-off Û V	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery Þ Ç ½ j À [Ø] Ì b d ò I « Ì ¼ ç Ú 6 × « › °	Amount is written off – X Û V	Amount is written off – X Û V

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about specific debtors is updated.

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

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Credit risk and impairment assessment (continued)

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The following table sets out the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

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		Lifetime ECL (not credit-impaired) Œ , k , ¦ r f & € Ì ¦ r ¯ = • HK$'000 w ¥ ©	Lifetime ECL (credit impaired) Œ , k , ¦ r f & € ¦ r ¯ = • HK$'000 w ¥ ©	Total < HK$'000 w ¥ ©
At 1 January 2021	õ Z g Z S Ë S Ü S Ú	647,551	523,582	1,171,133
Changes relating to trade receivables recognised as at 1 January 2021	õ Z g Z S Ë S Ü S Ú ~ ½ © q ø Ð × * › Þ ë Y			
– Transfer to credit-impaired	Ñ 7 a ¦ r ¯ =	(15,596)	15,596	–
– Net impairment loss reversed	Ñ a « ¯ = f & X	(372,936)	(451,014)	(823,950)
– Write-offs	Ñ Û V	–	(41,742)	(41,742)
New financial assets originated during the year	I Ë * [Y - – D *	917,086	–	917,086
Transfer to credit-impaired during the year	I Ë 7 a ¦ r ¯ =	(18,189)	18,189	–
Exchange adjustments	Ò 3 Æ	26,713	8,283	34,996
At 31 December 2021	õ Z g Z S Ë d Z Ü g d S Ú	[redacted]		
Changes relating to trade receivables recognised as at 1 January 2022	õ Z g Z Z Ë S Ü S Ú ~ ½ © q ø Ð × * › Þ ë Y			
– Transfer to credit-impaired	Ñ 7 a ¦ r ¯ =			
– Net impairment loss reversed	Ñ a « ¯ = f & X			
– Write-offs	Ñ Û V			
New financial assets originated during the year	I Ë * [Y - – D *			
Transfer to credit-impaired during the year	I Ë 7 a ¦ r ¯ =			
Exchange adjustments	Ò 3 Æ			
At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú			

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The increase (2021: decrease) of lifetime ECL for trade

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Entrusted loans

The Group reviews the recoverable amount of entrusted loans at the end of the reporting period to ensure that adequate impairment assessment are made for irrecoverable amounts. The entrusted loans are pledged by the properties held by the borrowers. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At 31 December 2022, 100% (2021: 100%) of the Group's entrusted loans are arising from the PRC.

Loan receivable

The Directors estimate the estimated loss rates of loan receivable based on financial background of the debtor. For the years ended 31 December 2022 and 2021, the Directors consider that the ECL of the Group's loan receivable is insignificant as the debtor is a listed company in Hong Kong engaged in property development business.

At 31 December 2022, the Group is exposed to concentration of credit risk on its loan receivable as 100% (2021: 100%) of the loan receivable is concentrated in one (2021: one) debtor. The Group's loan receivable is exposed to credit risk due to the default of repayment by the debtor. However, the Directors considered that the credit risk on this loan receivable is limited as the debtor is a listed company in Hong Kong with good creditability.

Restricted bank deposits and bank balances

The credit risk for restricted bank deposits and bank balances exposed is considered minimal as such amounts are placed with various banks with good credit ratings and there is no significant concentration of credit risk.

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Debt instruments at FVTOCI

At 31 December 2022, the Group is exposed to concentration of credit risk on its debt instruments at FVTOCI as 95% (2021: 95%) of the total debt are concentrated in seven (2021: nine) bond securities listed on SGX and issued by two (2021: one) listed issuers in Hong Kong. The Group's listed bond securities are exposed to credit risk due to the default of repayment by the bond issuers.

During the year ended 31 December 2022, defaults of a bond issuer in making payments of interest and principal for its indebtedness indicated significant increase in credit risk and deterioration of repayment ability. Thus, credit loss allowance of these debt instruments at FVTOCI issued by this issuer are measured on lifetime ECL basis.

The Group engaged an independent qualified valuer to perform ECL assessment on these debt instruments by determining an appropriate probability of default, the estimated loss given default of each debt instrument and forward-looking adjustments. The Directors work closely with the independent qualified valuer to establish the appropriate valuation techniques and inputs to the model.

During the year ended 31 December 2022, ECL on debt instruments at FVTOCI of HK$1,579,000,000 (2021: nil) was recognised in profit or loss.

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Debt instruments at FVTOCI (continued)

For the remaining debt instruments at FVTOCI issued by other bonds issuers, the Directors considered that the credit risk on these investments is limited as these bonds securities listed on SGX were issued by issuers in Hong Kong with good creditability. The Directors assess ECL on these debt instruments at FVTOCI based on the default rates published by major international credit rating agencies that are applicable to the respective debts instruments credit grades. As a result of this assessment, the Directors are of the opinion that the ECL on these debt instruments is insignificant.

Other items

As at 31 December 2022, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group is disclosed in Note 39.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK$556,851,000 (2021: HK$336,601,000) as at 31 December 2022. At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. The management considers the probability of default is low and accordingly, ECL was considered as insignificant. Details of the financial guarantee contracts are set out in Note 39.

37. – D ˆ H € ƒ •

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

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Liquidity risk (continued)

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Liquidity and interest risk tables

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[redacted]

At 31 December 2022	õ Z g Z Z Ë d Z Ü g d S Ú	[redacted]
Non-derivative financial liabilities	¢ [– D À	[redacted]
Trade and other payables	q ø ¿ I ü Ð ù * ›	[redacted]
Bills payables	Ð ù C ½	[redacted]
Bank borrowings	Õ > ›	[redacted]
– fixed rate	Ñ x ¹	[redacted]
– variable rate	Ñ ¹	[redacted]
Lease liabilities	a # À	[redacted]
		[redacted]
Financial guarantee contracts	Ì Ä - ¥ Ò	[redacted]

37. FINANCIAL INSTRUMENTS (continued)

37. – D ˆ H € ƒ •

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

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		Weighted average effective interest rate Æ ; i ¼ ç ; %	On demand or less than 3 months 2 ËÐ gHÜ« HK$'000 w¥©	Over 3 months but not more than 1 year gHÜøj ("t@SË HK$'000 w¥©	Over 1 year but not more than 2 years SËøj("t@GË HK$'000 w¥©	Over 2 years but not more than 5 years GËøj ("t@žË HK$'000 w¥©	Over 5 years žËøj HK$'000 w¥©	Total undiscounted cash flows Jh$$– tŽ<X HK$'000 w¥©	Carrying amount *&= HK$'000 w¥©
At 31 December 2021	õZgZSËdZÜgdSÚ								
Non-derivative financial liabilities	¢ [–D À								
Trade and other payables	qø¿lüÐù*›	–	4,385,553	–	–	–	–	4,385,553	4,385,553
Bills payables	ÐùC½	–	728,144	–	–	–	–	728,144	728,144
Bank borrowings	Õ >›								
– fixed rate	Ñx¹	3.48	–	163,670	–	–	–	163,670	160,640
– variable rate	Ñ ¹	1.49	1,810,162	8,540,598	4,299,133	3,779,638	251,995	18,681,526	18,245,294
Lease liabilities	a# À	4.58	1,084	2,997	2,836	3,382	1,234	11,533	10,403
			6,924,943	8,707,265	4,301,969	3,783,020	253,229	23,970,426	23,530,034
Financial guarantee contracts	Ì Ä-¥Ò		336,601	–	–	–	–	336,601	–

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 3 months” time band in the above maturity analysis. At 31 December 2022, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$1,045,134,000 (2021: HK$374,079,000). Taking into account the Group’s financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be fully repaid after the end of the reporting period in accordance with the scheduled repayment dates ranging from one to twenty (2021: one to eleven) years as set out in the loan agreements, details of which are set out in the table below:

(b) Ì , ˆ M # f z ¿ A € ƒ •

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t – ¿ ; , ˆ Œ€ ƒ •

õ j Q , ± • ď 2 Ë Ð g H Ü « ™S ó Š < • m ² õ Å ® Û µ ” Y â › Y Õ > r f õ Z g Z Z Ë d Z Ü g d S Ú d ä Õ > r Y J h $ I – < X ‰1,045,134,000 ¥ ©€ Z g Z S Ë j374,079,000 ¥ © f è + ¾ ý G I « Y Ì K 1 ´ ¦ d Õ Z ” } • 4 I ä ‹ Æ ø Å ® C Û ” › f è + ´ ¦ d Õ > r Z õ S , œ ¼ ì ½ r › X D Ô 1 ˜ E › ” › Ú , § ÷ S Z d Ë€ Z g Z S Ë j S d S Ë •” d Œ p µ ” d ‹ 1 õ h Œ j

[redacted]							
31 December 2022	Z g Z Z Ë d Z Ü g d S Ú	[redacted]					
31 December 2021	Z g Z S Ë d Z Ü g d S Ú	24,314	24,632	75,850	249,283	374,079	350,569

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Interest rate benchmark reform

As listed in Note 29, several of the Group's HIBOR bank loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including

37. – D ˆ H € ƒ •

(b) Ì , ˆ M # f z ¿ A € ƒ •

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* ‰ I « @ ¨ , ˆ M # Y S Å ± d I « ¦ Y - ¥ Ò ~ ´ ë • þ ? _ ; Ð 8 • " a · ' B ¤ Y ; ¨ S f I Æ d I « ½ - ´ ë ¥ Ò < Z Y ê \ â › d ü ½ d • þ ? _ ; q ç z â › Y H C ï + • f

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37. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

(c) – D ˆ H Y ® ; = Ž

ì ½ ¾ I Ì ? _ 2 ® ; = Ž ˜ I « – D * ˜ ® ; =

I « Å ± – D * õ ¢ S , œ ¼ … Ú 2 ® ; = Ž f h Œ U Þ ë > › – D * ® ; = ˜ Ù ‚€ È I J Ô \ ˜ = ¦ " ¿ i] p ½ •ø ¿ 2 ® ; = Ž i] p ½ ˜ H À û Z ® ; = Ž ± ó ˜ ® ; = t ó 9 € K S g ó •˜ Ø f

Financial assets – D *	Fair value as at 31 December õ d Z Ü g d S Ú Y ® ; =		Fair value hierarchy ® ; = V ô t 9	Valuation techniques and key inputs = ¦ " ¿ ô i] p ½	Significant unobservable inputs } " H À i] p ½	Relationship of unobservable inputs to fair value " H À i] = ~ ® ; = Y ë ·
	[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©				
(i) Listed equity securities classified as equity instruments at FVTPL (i) ± ó ‰ 2 ® ; =] & B Y Æ B ˆ H ˜ j 9 p I Ç N	[redacted]	8,542,096	1	Quoted bid prices in active market õ z " 9 Ô ˜ o]	N/A " G \	N/A " G \
(ii) Listed bond securities classified as debt instruments at FVTOCI (ii) ± ó ‰ 2 ® ; =] I ü Œ & × B Y À ˆ H ˜ j 9 À N Ç N	[redacted]	1,034,455	2	Quoted prices in the over-the-counter market õ . t ø 9 ˜	N/A " G \	N/A " G \

There were no transfer between Level 1 and 2 during the years ended 31 December 2022 and 2021.

õ Ú Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú ß Ë « d K S t ~ K Z t ˜ œ (Ì 7 E f

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost approximate to their fair values.

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38. CAPITAL AND OTHER COMMITMENTS 38. I ¿ I ü Õ Ä

			2021 Z g Z S Ë HK$'000 w ¥ ©
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: – acquisition of property, plant and equipment	1 Š Ò (J õ] ¥ Ì Œ * a ê ˜ I Õ j Ñ × … J 8 e @ Ò ¿ £ ê	[redacted]	452,309
Other expenditure contracted for but not provided in the consolidated financial statements in respect of: – acquisition and other expenditures relating to properties held for development	Š Ò (J õ] ¥ Ì Œ a ê Y I ü š Õ j Ñ ~ 5 * ï • J 8 Þ ë Y × … ¿ I ü š Õ		980,419
			1,432,728

39. FINANCIAL GUARANTEES CONTRACTS 39. – D Ä - ¥ Ò

The Group provided guarantees amounting to HK$556,851,000 (2021: HK$336,601,000) as at 31 December 2022 to facilitate mortgage bank loans applications of purchasers of the properties that were developed by the Group.

The guarantees are given to banks with respect to loans procured by the purchasers of properties that were developed by the Group. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of registration of the relevant mortgage properties. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at 31 December 2022 and 2021.

õ Z g Z Z Ë d Z Ü g d S Ú d I « ‰ I « Ô ï • J 8 ˜ o • ˜ 2 g Õ r › a d 6 Ò 556,851,000 ¥ ©€ Z g Z S Ë j336,601,000 ¥ © •Ä - f

I « 1 I « Ô ï • J 8 ˜ o • _ { ˜ r › £ Õ d 6 Ä - f Ä - Z õ J 8 t × š o • ¿ ´ ë 2 g J 8 î ¾ • Ó Û _ Õ ð f è + © ‰ d I « Ì Ä - ¥ Ò Y ® ; = õ ‹ • ½ © Û (” } d ò è + © ‰ ~ ¢ Ù < Ò Y Ú 6 = f ª ä d õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú d õ Ä - ¥ Ò š • ¿ S , œ ¼ Û (Ì ½ © , = f

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41. OPERATING LEASING ARRANGEMENTS

41. ¾ a # Ä °

			2021 Z g Z S Ë HK$'000 w ¥ ©
The Group as lessor:	I « * ‰ a [j	[redacted]	
Rental income credited to the consolidated statement of profit or loss during the year	õ Ë «]] ¥ & B Œ ˜ a – ×]		1,200,483

The Group's investment properties are rented to third parties for periods up to twenty five years (2021: twenty five years) at fixed pre-determined amounts.

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Undiscounted lease payments receivable on leases are as follows:

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			2021 Z g Z S Ë HK$'000 w ¥ ©
Within one year	S Ë «	[redacted]	915,253
In the second year	õ K Z Ë		700,299
In the third year	õ K g Ë		530,428
In the fourth year	õ K , Ë		383,404
In the fifth year	õ K ž Ë		358,825
After five years	ž Ë		2,683,545
			5,571,754

42. PLEDGE OF ASSETS

42. * ê å

At the end of the reporting period, the Group has the following assets pledged to banks to secure the banking facilities of the Group:

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			2021 Z g Z S Ë HK$'000 w ¥ ©
Investment properties	³ J 8	[redacted]	3,933,984
Properties held for development	ï • J 8		410,959
			4,344,943

43. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the “ORSO Scheme”) and a Mandatory Provident Fund Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000 (the “MPF Scheme”). The assets of the schemes are held separately from those of the Group and are invested in the funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme are members of both the ORSO Scheme and the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme. The ORSO Scheme was funded by monthly contributions from both employees and the Group at 10% of an employee’s salary. Under the MPF Scheme, the employer and its employees and each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK$30,000 (2021: HK$30,000).

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30,000 ¥ © f

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269,183,000 ¥ © d Š & B • Ô ð f
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Z S Ë j 17,288,000 ¥ © •(J ù š
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44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

44. D z *[˜ À˜ Á*

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

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		Lease liabilities a# À HK$'000 w¥©	Bank borrowings Õ >› HK$'000 w¥©	Interest payable Ðù;¹ HK$'000 w¥©	Dividends payable Ðùp; HK$'000 w¥©	Total < HK$'000 w¥©
At 1 January 2021	õZgZSËSÜSÚ	14,004	17,230,846	7,858	1,930,710	19,183,418
Financing cash flows	D $–tŽ	(4,834)	1,145,897	(311,925)	(4,565,540)	(3,736,402)
New leases entered	- a#	370	–	–	–	370
Interest expenses recognised in the consolidated statement of profit or loss	õ]¥&BŒ½©Y ;¹šÕ	577	–	274,904	–	275,481
Interest expense capitalised	I·;¹šÕ	–	–	45,829	–	45,829
Dividend declared on ordinary shares	Š |w·pp¹	–	–	–	2,835,508	2,835,508
Dividend declared to non-controlling shareholders of subsidiaries	Š£•n®!˜¢›pp |˜p¹	–	–	–	666,091	666,091
Exchange adjustments	Ò3 Æ	286	29,191	–	–	29,477
At 31 December 2021	õZgZSËdZÜgdSÚ	[redacted]				
Financing cash flows	D $–tŽ					
New leases entered	- a#					
Interest expenses recognised in the consolidated statement of profit or loss	õ]¥&BŒ½©Y ;¹šÕ					
Interest expense capitalised	I·;¹šÕ					
Dividend declared on ordinary shares	Š |w·pp¹					
Dividend declared to non-controlling shareholders of subsidiaries	Š£•n®!˜¢›p p |˜p¹					
Exchange adjustments	Ò3 Æ					
At 31 December 2022	õZgZZËdZÜgdSÚ	[redacted]				

45. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant transactions with related parties during the year.

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			2021 Z g Z S Ë HK$'000 w ¥ ©
Sales of goods to subsidiaries of a shareholder with significant influence on the Group	£ Á I « H } B ¤ b Y p Y • n ® ! V / ¬ Ü	[redacted]	600,440
Purchase of goods from subsidiaries of a shareholder with significant influence on the Group	£ Á I « H } B ¤ b Y p Y • n ® ! ® … ¬ Ü		1,465,097
Sales of goods to a non-controlling shareholder of a subsidiary	£ S œ • n ® ! ˜ ¢ › p p V / ¬ Ü		59,659
Purchase of goods from an associate	£ S œ L ® ! ® … ¬ Ü		315,862
Sale of properties to a Director	£ S ¤ è + / J 8		–

The transaction above constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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Included in trade and other receivables and prepayments at 31 December 2022 was an amount due from a non-controlling shareholder of a subsidiary of HK$9,365,000 (2021: HK$14,764,000) which was in trade nature. The Group allowed credit periods of up to 120 days (2021: 120 days), depending on the products sold to its related parties.

õ Z g Z Z Ë d Z Ü g d S Ú d q ø ¿ I ü Ð × * › ¿ k ù › ° < n õ q ø Ì / ˜ Ð × S œ • n ® ! ˜ ¢ › p p › °9,365,000 ¥ ©€ Z g Z S Ë j 14,764,000 ¥ © •f I « £ I ë ¹ [{ ¬ ˜ ¦ r , ð — ‰120 Ú€ Z g Z S Ë j120 Ú •d V ÷ Ô V / ˜ * Ü þ › f

Included in trade and other receivables (2021: trade and other payables) as at 31 December 2022 was an amount due from an associate of HK$3,772,000 (2021: an amount due to an associate of HK$588,000) which are trade-nature, Included in trade and other payables as at 31 December 2022, was an amount due to a joint venture of HK$137,500,000 (2021: HK$137,500,000) which were in non-trade nature. Both amounts are unsecured, non-interest bearing and repayable on demand.

õ Z g Z Z Ë d Z Ü g d S Ú Y q ø ¿ I ü Ð × › ℃ Z g Z S Ë j q ø ¿ I ü Ð ù * ° • < Ð × S œ L ® ! › °3,772,000 ¥ ©€ Z g Z S Ë j Ð ù S œ L ® ! › °588,000 ¥ © •d õ Z g Z Z Ë d Z Ü g d S Ú Y q ø ¿ I ü Ð ù * ° < Ð ù S œ ¥ ® ! › °137,500,000 ¥ ©€ Z g Z S Ë j 137,500,000 ¥ © •d ‰ ¢ q ø Ì / f Ô Þ › ° i ‰ Ì ê å e " ¹ ¿ ² 2 Ë µ " f

45. RELATED PARTY TRANSACTIONS (continued)

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Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

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			2021 Z g Z S Ë HK$'000 w ¥ ©
Short-term employee benefits	õ , E ;	[redacted]	379,868
Post-employment benefits	× ~ E ;	[redacted]	1,635
Share-based payments	p … – Ì ù ›	[redacted]	–
		[redacted]	381,503

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

Details of the Company's principal subsidiaries at 31 December 2022 and 2021 are as follows:

(a) • n ® ! Y S › Ø
õ Z g Z Z Ë ¿ Z g Z S Ë d Z Ü g d S Ú d I ® ! ô • n ® ! ˜ ‹ ½ h j

Name of subsidiary • n ® ! ¤ H	Place of incorporation/ registration and operation W Ó m J î ¾ ¿ 8 ® Ã	Issued and fully paid share capital/registered capital Š ï ¿ ® p I J W I		Effective equity interest held by the Group I « 5 Þ ˜ ¼ ç p Æ		Principal activities ô 8
		[redacted]	2021 Z g Z S Ë	[redacted]	2021 Z g Z S Ë %	
Jamplan (BVI) Limited	British Virgin Islands[#] õ n ˆ ~	[redacted]	US$1,000 1,000 Õ ©	[redacted]	100*	Investment holding ³ › p
Kingboard (Fogang) Laminates Co. Limited ĺ€ ¥ • 4 Þ " ® !	PRC[1] • 7 [1]	[redacted]	US$29,466,000 29,466,000 Õ ©	[redacted]	73.76	Manufacture and distribution of laminates ¡ ¿ ¿ ± V ' Ö &
Kingboard (Fogang) Paper Laminates Co. Ltd. ĺ€ ¥ • 4 w Þ " ® !	PRC[1] • 7 [1]	[redacted]	US$17,936,576 17,936,576 Õ ©	[redacted]	73.76	Manufacture and distribution of laminates ¡ ¿ ¿ ± V ' Ö &
Kingboard (Hebei) Cokechem Company Limited & b • U ï • Þ " ® !	PRC[1] • 7 [1]	[redacted]	RMB200,000,000 [O Æ200,000,000 ©	[redacted]	100	Manufacture and distribution of chemicals ¡ ¿ ¿ ± V · ˆ * Ü
Golden Concept Development Limited ("Golden Concept") ô – ï • Þ " ® Ē ô – ™	Hong Kong 0 ¥	[redacted]	HK$10,000 10,000 ¥ ©	[redacted]	85	Property developments J 8 š ï
Two London Wall Place Limited	Jersey Island[#] ã ¥ [2]	[redacted]	–	[redacted]	N/A " G \	Property investment J 8 [3]
Kingboard (Hengyang) Industrial Co., Ltd. ĺ€ E ¢ ¼ 8 Þ " ® !	PRC[1] • 7 [1]	[redacted]	HK$214,000,000 214,000,000 ¥ ©	[redacted]	100	Manufacture and distribution of caustic soda ¡ ¿ ¿ ± V ð =
Kingboard (Guangdong) Electronic Special Materials Co. Ltd ĺ€ ? e • Y \ ¿ Ø Þ " ® !	PRC[1] • 7 [1]	[redacted]	US$13,700,000 13,700,000 Õ ©	[redacted]	73.76	Manufacture and distribution of glass fabric ¡ ¿ ¿ ± V š ¨ j :
KBCF b Ö S	Bermuda[#] õ l : [#]	[redacted]	US$72,250,000 72,250,000 Õ ©	[redacted]	73.76	Investment holding ³ › p

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

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(a) General information of subsidiaries (continued)

(a) • n ® ! Y S › Ø € ƒ •

Name of subsidiary • n ® ! ¤ H	Place of incorporation/ registration and operation W Ó m J î ¾ ¿ 8 ® Ã	Issued and fully paid share capital/registered capital Š ï ¿ ® p I J W I		Effective equity interest held by the Group I « 5 Þ ˜ ¼ ç p Æ		Principal activities ô 8
		[redacted]	2021 Z g Z S Ë	[redacted]	2021 Z g Z S Ë %	
Kingboard Investments Limited b ³ Þ " ® !	Hong Kong# 0 ¥ #	[redacted]	HK$8,000 8,000 ¥ ©	[redacted]	100	Investment holding ³ › p
KLHL b 4 › p Þ " ® ! ¤	Cayman Islands# š Ê ¥ #	[redacted]	HK$312,000,000 312,000,000 ¥ ©	[redacted]	73.76	Investment holding ³ › p
Jiangmen Kingboard Laminates Co., Ltd. ê ˜ b 4 Þ " ® !	PRC1 • 7 1	[redacted]	HK$242,800,000 242,800,000 ¥ ©	[redacted]	73.76	Manufacture and distribution of laminates ¡ ¿ ¿ ± V ' Ö &
Kingboard (Jiangsu) Chemical Co., Ltd. b€ ê = • ˆ Þ " ® !	PRC1 • 7 1	[redacted]	US$32,000,000 32,000,000 Õ ©	[redacted]	73.76	Manufacture and distribution of chemicals ¡ ¿ ¿ ± V · ˆ * Ü
Kingboard Laminates (Kunshan) Co., Ltd b 4 € ú † Þ " ® !	PRC1 • 7 1	[redacted]	US$32,010,000 32,010,000 Õ ©	[redacted]	73.76	Manufacture and distribution of laminates ¡ ¿ ¿ ± V ' Ö &
Qing Yuan Kai Rong De Electronic Special Materials Co., Ltd ö Ã ñ ò C e • Y \ ¿ Ø Þ " ® !	PRC1 • 7 1	[redacted]	RMB130,000,000 [O Æ130,000,000 ©	[redacted]	73.76	Manufacturing and distribution of glass fabric ¡ ¿ ¿ ± V š ¨ j :
Kai Rong De (Shaoguan) Glass Fiber Co. Ltd ñ ò Œ í ë š ¨ j Þ " ® !	PRC1 • 7 1	[redacted]	–	[redacted]	N/A " G \	Manufacture and distribution of glass fabric ¡ ¿ ¿ ± V š ¨ j :
Qing Yuan Chung Shun Century Electronic Materials Co., Ltd ö Ã À ¦ ð Ï e • ¿ Ø Þ " ® !	PRC1 • 7 1	[redacted]	US$72,319,600 72,319,600 Õ ©	[redacted]	73.76	Manufacturing and distribution of glass yarn ¡ ¿ ¿ ± V š ¨ j
Kaiping Elec & Eltek Company Limited š ; 1 ; Ä : e • Þ " ® !	PRC3 • 7 3	[redacted]	US$49,520,000 49,520,000 Õ ©	[redacted]	95	Manufacture and distribution of PCBs ¡ ¿ ¿ ± V ™ O Þ)

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

46. I ® ! ô • n ® ! ˜ ‹ € ƒ •

(a) General information of subsidiaries (continued)

(a) • n ® ! Y S › Ø € ƒ •

Name of subsidiary •n®!¤H	Place of incorporation/ registration and operation W Ó m J î¾¿ 8®Ã	Issued and fully paid share capital/registered capital Šï ¿® pIJW I 2022 ZgZZË	2021 ZgZSË	Effective equity interest held by the Group I« 5Þ˜¼çpÆ 2022 ZgZZË %	2021 ZgZSË %	Principal activities ô 8
Kaiping Elec & Eltek No. 3 Company Limited š;1;Ä:e•KgÞ"®!	PRC[3] •7 [3]	US$87,800,000 87,800,000 Õ ©	US$87,800,000 87,800,000 Õ ©	95	95	Manufacture and distribution of PCBs ¡¿¿±V™OÞ)
Kaiping Elec & Eltek No. 5 Company Limited š;1;Ä:e•KžÞ"®!	PRC[3] •7 [3]	US$30,075,100 30,075,100 Õ ©	US$30,075,100 30,075,100 Õ ©	95	95	Manufacture and distribution of PCBs ¡¿¿±V™OÞ)
Express Electronics (Suzhou) Company Limited n e€=ÈÞ"®!	PRC[1] •7 [1]	US$41,908,800 41,908,800 Õ ©	US$41,908,800 41,908,800 Õ ©	100	100	Manufacturing and distribution of PCBs ¡¿¿±V™OÞ)
Kin Yip Technology Electronics (Huizhou) Co., Ltd 8Å¦e€IÈÞ"®!	PRC[1] •7 [1]	HK$460,000,000 460,000,000 ¥ ©	HK$460,000,000 460,000,000 ¥ ©	100	100	Manufacturing and distribution of PCBs ¡¿¿±V™OÞ)
Huizhou Chung Shun Chemical Company Limited IÈÀ¦·ˆÞ"®!	PRC[1] •7 [1]	US$40,290,000 40,290,000 Õ ©	US$40,290,000 40,290,000 Õ ©	100	100	Manufacture and distribution of phenol/acetone ¡¿¿±Vý'J‰Ï
Shi You Chemical (Yangzhou) Co., Ltd ¼¾·₠nÈÞ"®!	PRC[1] •7 [1]	US$170,937,000 170,937,000 Õ ©	US$204,237,000 204,237,000 Õ ©	100	100	Refining and distribution of chemicals ¡¿¿±V·ˆ*Ü
Kingboard Electronic Raw Material (Jiang Yin) Co., Ltd be•¿ŒêÕÞ"®!	PRC[1] •7 [1]	US$30,000,000 30,000,000 Õ ©	US$30,000,000 30,000,000 Õ ©	73.76	73.76	Manufacture and distribution of laminates ¡¿¿±V'Ö&
Kingboard (Guangzhou) Electronic Material Manufacturing Co. Ltd ₺?Èe•¿Ø¡¿Þ"®!	PRC[1] •7 [1]	RMB250,000,000 [O Æ250,000,000 ©	RMB250,000,000 [O Æ250,000,000 ©	73.76	73.76	Manufacture and distribution of chemicals ¡¿¿±V·ˆ*Ü

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of subsidiaries (continued)

* The Company directly holds the equity interest in Jamplan (BVI) Limited. The Company's equity interest in all other subsidiaries is held indirectly through Jamplan (BVI) Limited.

These are investment holding companies which have no specific principal place of operations.

These companies are listed on the Main Board of the Stock Exchange.

1 These companies were established in the PRC in the form of Wholly Foreign-owned Enterprises. The English names of these companies are for identification purpose only.

2 The subsidiary was acquired during the year ended 31 December 2022 as detailed in Note 34.

3 These companies were established in the PRC in the form of Sino-Foreign Equity Joint Venture. The English names of these companies are for identification purpose only.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

46. I ® ! ô • n ® ! ˜ ‹ € ƒ •

(a) • n ® ! Y S › Ø € ƒ •

* I ® ! \ Ÿ 5 ÞJamplan (BVI) Limited ˜ p Æ f I ® ! õ Ô Þ I ü • n ® ! ˜ p Æ i À @Jamplan (BVI) Limitedœ Ÿ 5 Þ f

ä ‰ ³ › p ® ! d (Ì $ › ˜ ô ¾ ® Ã f

ä ® ! õ L t Ô ô j 9 f

1 ® ! ø . ù † 8 – Ì õ • 7 Ó m f ® ! Y õ Ö ¤ H Ã 6 Æ 9 f

2 • n ® ! õ Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë × … d ‹ 1 õ • W34 f

3 ® ! ø • . ¥ – Ì õ • 7 Ó m f ® ! Y õ Ö ¤ H Ã 6 Æ 9 f

j Œ Ô • ‰ è + © ‰ ô B ¤ I « 8 6 Ð * ˜ I ® ! • n ® ! f è + © ‰ • I ü • n ® ! ˜ ‹ 6 @ õ ¯ — f

¢ • n ® ! õ Ë Û ? Ì ï , À Ç N f

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

(a) General information of subsidiaries (continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

(a) • n ® ! Y S › Ø € ƒ •

Á I ® ! (" } Y I ü • n ® ! f • n ® ! ˜ ô 8 ? ½ h j

Principal activities ô 8	Principal place of business ô 8 ® Ã	Number of subsidiaries • n ® ! p f [redacted]	 2021 Z g Z S Ë
Manufacture and sale of laminates ¡ ¿ ¿ V / ' Ö &	PRC • 7	[redacted]	31
	Macau æ ˜		1
	Thailand 7		1
			33
Manufacture and sale of PCBs ¡ ¿ ¿ V / ™ O Þ)	Hong Kong 0 ¥		4
	PRC • 7		15
	Macau æ ˜		2
	Thailand 7		1
			22
Manufacture and sale of chemicals ¡ ¿ ¿ V / · ˆ * Ü	PRC • 7		20
Properties J 8	Hong Kong 0 ¥		18
	PRC • 7		52
	United Kingdom õ 7		5
			75
			150

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

(b) During the year ended 31 December 2021, the Group acquired additional interests in certain subsidiaries for a consideration of HK$1,549,917,000.

During the year ended 31 December 2021, the Group partially disposed of its interests in a subsidiary without losing the control over this subsidiary for the consideration of HK$568,627,000. The difference of HK$319,513,000 between the increase in the non-controlling interests of HK$249,114,000 and the consideration received has been recognised in the goodwill reserve.

46. I ® ! ô • n ® ! ˜ ‹ € ƒ •

(b) Ú Z g Z S Ë d Z Ü g d S Ú ß Ë d I « × … ð • • n ® ! Y X . Æ B d þ ‰ 1,549,917,000 ¥ © f

Ú Z g Z S Ë d Z Ü g d S Ú ß Ë d I « ø þ 568,627,000 ¥ © / I õ S • • n ® ! Y Å ± Æ B þ " 0 Á • n ® ! ˜ › S Æ f ¢ › p Æ B # 249,114,000 ¥ © ~ Š × þ ˜ œ Y ¨ X319,513,000 ¥ © Š õ ' · ê ½ © f

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

(c) ¹ Þ } ¢ › p Æ B ˜ ¢ Œ ¹ Þ • n ® ! ‹

h Œ 1 • ¹ Þ } ¢ › p Æ B ˜ I « ¢ Œ • n ® ! ‹ j

Name of subsidiary • n ® ! ¤ H	Place of incorporation and principal place of business W Ó m ¿ ô 8 ® Ã	Proportion of ownership interests and voting rights held by non-controlling interests ¢ › p Æ B 5 Þ ¹ Þ Æ Æ B ¿ ³ C Æ õ ± â		Profit (loss) allocated to non-controlling interests ± ã Q ¢ › p Æ B ˜ P ₤ f & •		Accumulated non-controlling interests] ¢ › p Æ B	
		[redacted]	2021 Z g Z S Ë	[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©	[redacted]	2021 Z g Z S Ë HK$'000 w ¥ ©
KLHL# b 4 #	Cayman Islands š Ê ¥		26.24%		1,779,507		4,995,698
Golden Concept ô – ï • Þ " ® !	Hong Kong 0 ¥		15%		8,889		465,957
Individually immaterial subsidiaries with non-controlling interests ¹ Þ ¢ › p Æ B ˜ ù m " } • n ® !					(12,367)		204,466
					1,776,029		5,666,121

excluding non-controlling interests of KLHL subsidiaries.

" < b 4 • n ® ! Y ¢ › p Æ B f

46.

46. I ® ! ô • n ® ! ˜
‹ € ƒ •

(c) ¹ Þ } ¢ › p Æ B ˜ ¢
Œ ¹ Þ • n ® ! ‹ € ƒ •
b 4 ¿ • n ® !

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

KLHL and subsidiaries (continued)

(c) ¹ Þ } ¢ › p Æ B ˜ ¢ Œ ¹ Þ • n ® ! ‹ € ƒ •
b 4 ¿ • n ® ! € ƒ •

			2021 Z g Z S Ë HK$'000 w ¥ ©
Profit attributable to owners of the Company	I ® ! 5 Þ [Ð & P ;	[redacted]	5,002,149
Profit attributable to the non-controlling interests of KLHL	b 4 ¢ › p Æ B Ð & P ;		1,779,507
Profit attributable to the non-controlling interests of KLHL's subsidiaries	b 4 Y • n ® ! ¢ › p Æ B Ð & P ;		1,823
Profit for the year	I Ë P ;		6,783,479
Other comprehensive (expense) income attributable to owners of the Company	I ® ! 5 Þ [Ð & I ü Œ & € š Õ « B		305,540
Other comprehensive (expense) income attributable to the non-controlling interests of KLHL	b 4 ¢ › p Æ B Ð & I ü Œ & € š Õ « B		108,695
Other comprehensive (expense) income attributable to the non-controlling interests of KLHL's subsidiaries	b 4 • n ® ! ¢ › p Æ B Ð & I ü Œ &€ š Õ « B		754
Other comprehensive (expense) income for the year	I Ë I ü Œ &€ š Õ « B		414,989
Total comprehensive income attributable to owners of the Company	I ® ! 5 Þ [Ð & Œ & × B < X		5,307,689
Total comprehensive income attributable to the non-controlling interests of KLHL	b 4 ¢ › p Æ B Ð & Œ & × B < X		1,888,202
Total comprehensive (expense) income attributable to the non-controlling interests of KLHL's subsidiaries	b 4 • n ® ! ¢ › p Æ B Ð & Œ &€ š Õ « B < X		2,577
Total comprehensive income for the year	I Ë Œ & × B < X		7,198,468
Dividend paid to non-controlling interest of KLHL	Õ ù p ¹ š b 4 ¢ › p Æ B		(1,355)
Net cash inflow from operating activities	¾ z $ – t] X		6,384,268
Net cash outflow from investing activities	³ z $ – t X		(2,315,097)
Net cash outflow from financing activities	D z $ – t X		(6,343,569)
Net cash inflow (outflow)	$ – t]€ t • X		(2,274,398)

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY
(continued)

46. I ® ! ô • n ® ! ˜ ‹ € ƒ •

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)
Golden Concept

(c) ¹ Þ } ¢ › p Æ B ˜ ¢ Œ ¹ Þ • n ® ! ‹ € ƒ • – ô

			2021 Z g Z S Ë HK$'000 w ¥ ©
Current assets	t *	[redacted]	3,237,788
Current liabilities	t À	[redacted]	131,408
Equity attributable to owners of the Company	I ® ! 5 Þ [Ð & Æ B	[redacted]	2,640,423
Non-controlling interests	¢ › p Æ B	[redacted]	465,957
Revenue	8 X	[redacted]	294,072
Expenses, other gains and losses	š Õ e l ü × B ¿ f &	[redacted]	234,813
Profit for the year	I Ë P ;	[redacted]	59,259
Profit and total comprehensive income attributable to owners of the Company	I ® ! 5 Þ [Ð & P ; ¿ Œ & × B < X	[redacted]	50,370
Profit and total comprehensive income attributable to the non-controlling interests	¢ › p Æ B Ð & P ; ¿ Œ & × B < X	[redacted]	8,889
Profit and total comprehensive income for the year	I Ë P ; ¿ Œ & × B < X	[redacted]	59,259
Net cash outflow from operating activities	¾ z $ – t 8 X	[redacted]	(89,209)
Net cash outflow from investing activities	³ z $ – t X	[redacted]	–
Net cash (outflow) inflow from financing activities	D z ˜ $ –€ t • t] X	[redacted]	282,540
Net cash (outflow) inflow	$ –€ t • t] X	[redacted]	193,331

		2022	2021
		Z g Z Z Ë	Z g Z S Ë
		HK$'000	HK$'000
		w ¥ ©	w ¥ ©
Non-current assets	¢ t *		
Investments in subsidiaries	õ • n ® ! ˜ ³	1,913,057	2,096,681
Amounts due from subsidiaries	Ð × • n ® ! › °	22,160,440	24,898,548
Equity instruments at FVTPL	2 ® ; =] & B Y Æ B ˆ H	402,997	651,410
		24,476,494	27,646,639
Current assets	t *		
Other receivables	I ü Ð × * ›	112,553	146,798
Amounts due from subsidiaries	Ð × • n ® ! › °	11,050,000	8,650,000
Equity instruments at FVTPL	2 ® ; =] & B Y Æ B ˆ H	1,170,327	1,949,663
Cash and cash equivalents	$ – ¿ $ – = ° f	193,758	81,224
		12,526,638	10,827,685
Current liabilities	t À		
Other payables	I ü Ð ù › °	1,260,355	1,271,178
Amounts due to subsidiaries	Ð ù • n ® ! › °	3,037,048	1,842,000
Bank borrowings – amount due within one year	Õ > r Ñ S Ë « Q , ˜ › °	1,100,000	4,955,555
		5,397,403	8,068,733
Net current assets	t * =	7,129,235	2,758,952
Total assets less current liabilities	* < = ¯ t À	31,605,729	30,405,591
Non-current liabilities	¢ t À		
Bank borrowings – amount due after one year	Õ > r Ñ S Ë Q , ˜ › °	–	2,700,000
Amounts due to subsidiaries	Ð ù • n ® ! › °	24,844,877	20,373,748
		24,844,877	23,073,748
		6,760,852	7,331,843
Capital and reserves	p I ¿ · ê		
Share capital	p I	110,879	110,879
Reserves (Note)	· ê€ • W •	6,649,973	7,220,964
		6,760,852	7,331,843

INFORMATION ON THE GROUP’S PROPERTIES

The following tables set out the Group’s material properties held for investment:

I « ô 5 * ³ J 8 • õ h Œ j

Location ® Ã	Existing use $ Û \ Ä	Tenure a ,	Total area (m^2) < & € ; Ù ÷ •	Group’s interest I « 5 Þ Æ B [redacted]	2021 Z g Z S Ë %
Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong 0 ¥ - ¢ Í ^ i ˜ Ä 4 Q3 î Ò : }	Commercial 8	Medium term lease • , a , a #	33,000	[redacted]	100%
5-7/F, Overseas Trust Bank Building No. 160 Gloucester Road, Hong Kong 0 ¥ S { B 8160 î . ¦ Ä Õ } 5-7 }	Commercial 8	Medium term lease • , a , a #	2,000	[redacted]	100%
9-14/F, Overseas Trust Bank Building, No. 160 Gloucester Road, Hong Kong 0 ¥ S { B 8160 î . ¦ Ä Õ } 9-14 }	Commercial 8	Medium term lease • , a , a #	4,000	[redacted]	100%
Unit Nos.2301-2303, 26/F, 27/F, and Car Parking Space No. 9 and No. 10 on 2nd Floor, Overseas Trust Bank Building, No. 160 Gloucester Road, Hong Kong 0 ¥ S { B 8160 î . ¦ Ä Õ } 2301-2303 e26 } e27 } ¿2 } 9 ¿10 î	Commercial 8	Medium term lease • , a , a #	1,800	[redacted]	74%
One Aldgate, No. 1 Aldgate, London, EC3N1AA, United Kingdom	Commercial 8	Freehold Q n * Æ	5,000	[redacted]	100%
88 to 93 Fenchurch Street, 5 and 7 Carlisle Avenue and Part of Saracens Head Yard, London, EC3M 4ST, United Kingdom	Commercial 8	Freehold Q n * Æ	8,000	[redacted]	74%
Moor Place, Fore Street, London EC2Y 5BJ, United Kingdom	Commercial 8	Freehold Q n * Æ	21,500	[redacted]	100%
Two London Wall Place, Central London, United Kingdom	Commercial 8	Long term lease — , a , a #	17,400	[redacted]	N/A ” G \
Shanghai Modern Plaza, 369 Xian Xia Road, Changning District, Shanghai, the PRC* • 7 j 9 — ¹ ³)369 î j $ þ ?	Commercial 8	Medium term lease • , a , a #	17,000	[redacted]	100%

I« ô 5*³ J8•õhŒ∄ƒ•

Group's interest

[redacted]

The following table sets out the Group's material properties held for development:

I « ô ï • J 8 • õ h Œ j

Location ® Ã	Expected use k , \ Ä	Total area (m^2) < & € ; Ù ÷ •	Group's interest I « 5 Þ Æ B [redacted]	2021 Z g Z S Ë %
Kingboard Qianhai Building, Neighbourhood 5, Area 4, Guiwan District, Shen Gang Xian Dai Services Cooperation District, Qianhai, Shenzhen City, Guangdong Province, the PRC* • 7 ? ² - 9 Ã ¥ $ þ 8 ¥ * í D ê , © ž Q e b Ã }	Commercial 8	88,000	[redacted]	100%
Kunshan Centre South of Zhong Hua, Yuan Road, West of Huang Shan Road, Development District, Kunshan City, Jiangsu Province, the PRC* • 7 ê = ² ú † 9 š ï • 6 ä) Ì » †) ú † • Ð	Commercial 8	760,000	[redacted]	75%
Jing Ting, West of Furong Road, South of Nan Wei Road, Lujia Town, Jiangsu Province, the PRC* • 7 ê = ² Ô • D Ì) Ì d , ò) 5 ¬	Residential Ã	299,000	[redacted]	100%
Pu An Garden, West of Yuan Guo Road, North of Jin Song Road, Huaqiao Development District, Jiangsu Province, the PRC* • 7 ê = ² € × š ï d Ã 7) d – ü) ¦ € ä	Residential Ã	171,000	[redacted]	100%

* denotes English translation of Chinese addresses in the PRC for identification purposes only

* • 7 J 8 ˜ õ Ö ® g G % 6 Æ 9 \ Ä

FINANCIAL SUMMARY

RESULTS　8 6

		Year ended 31 December Ú dZÜgdSÚßË				
		2018 ZgS^Ë HK$'000 w¥©	2019 ZgSXË HK$'000 w¥©	2020 ZgZgË HK$'000 w¥©	2021 ZgZSË HK$'000 w¥©	[redacted]
Revenue	8 X	45,994,419	41,160,851	43,510,274	56,755,274	[redacted]
Profit before taxation	ðüÃP;	9,121,910	5,122,913	7,936,416	15,576,660	[redacted]
Income tax expense	Ô{üšÕ	(2,051,710)	(1,353,933)	(2,108,063)	(3,022,599)	[redacted]
Profit for the year	IË P;	7,070,200	3,768,980	5,828,353	12,554,061	[redacted]
Attributable to:	øh[{Ð&…Xj					[redacted]
Owners of the Company	I®!5Þ[	6,075,760	3,094,421	4,702,884	10,778,032	[redacted]
Non-controlling interests	¢›pÆB	994,440	674,559	1,125,469	1,776,029	[redacted]
		7,070,200	3,768,980	5,828,353	12,554,061	[redacted]
DIVIDEND AND BASIC EARNING PER SHARE	p¹¿Êp ?I®;					[redacted]
Dividend per share for the year	IË Êpp¹	HK180 cents 180 ¥	HK138 cents 138 ¥	HK228 cents 228 ¥	HK300 cents 300 ¥	[redacted]
Basic Earning per share based on reported net profit	ø*&q; QY Êp?I®;	HK$5.692 5.692 ¥©	HK$2.850 2.850 ¥©	HK$4.257 4.257 ¥©	HK$9.729 9.729 ¥©	[redacted]

ASSETS AND LIABILITIES　*¿ À

		At 31 December õdZÜgdSÚ				
		2018 ZgS^Ë HK$'000 w¥©	2019 ZgSXË HK$'000 w¥©	2020 ZgZgË HK$'000 w¥©	2021 ZgZSË HK$'000 w¥©	[redacted]
Total assets	*<X	94,430,339	97,035,126	93,249,138	103,815,768	[redacted]
Total liabilities	À<X	(39,797,068)	(39,065,476)	(32,450,432)	(35,132,475)	[redacted]
		54,633,271	57,969,650	60,798,706	68,683,293	[redacted]
Equity attributable to owners of the Company	I®!5Þ[Ð&ÆB	47,332,985	50,188,565	55,864,903	63,017,172	[redacted]
Non-controlling interests	¢›pÆB	7,300,286	7,781,085	4,933,803	5,666,121	[redacted]
		54,633,271	57,969,650	60,798,706	68,683,293	[redacted]

Note: Interest income from debt instruments and dividend income from equity instruments which were previously included in other income, gains and losses have been reclassified to revenue to conform with presentation in 2018.

•Wj　ø»]Iü×]e×B¿f&YÀ ˆH˜; ¹×]¿ÆBˆH˜p¹×]Š -±ó 8 XdøL¥ZgS^Ë˜O•ÙÌf