Sun Hung Kai Properties Limited

Customer Focus
Premium Brand
Solid Foundations

Annual Report 2022/23

Stock Codes : 16 (HKD counter) and 80016 (RMB counter)

1. Two IFC in Central, Hong Kong
2. ICC in West Kowloon, Hong Kong
3. Shanghai IFC in Lujiazui, Shanghai
4. The Millennity in Kowloon East, Hong Kong
5. ITC in Xujiahui, Shanghai
6. High Speed Rail West Kowloon Terminus Development, Hong Kong
7. NOVO LAND in Tuen Mun, Hong Kong
8. The YOHO Hub in Yuen Long, Hong Kong

Contents

Board of Directors and Committees

Board of Directors

Executive Directors	Kwok Ping-luen, Raymond *(Chairman & Managing Director)* Wong Chik-wing, Mike *(Deputy Managing Director)* Lui Ting, Victor *(Deputy Managing Director)* Kwok Kai-fai, Adam Kwok Kai-wang, Christopher Tung Chi-ho, Eric Fung Yuk-lun, Allen Lau Tak-yeung, Albert Fung Sau-yim, Maureen Chan Hong-ki, Robert Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*
Non-Executive Directors	Kwan Cheuk-yin, William Kwok Kai-chun, Geoffrey
Independent Non-Executive Directors	Yip Dicky Peter Wong Yue-chim, Richard Li Ka-cheung, Eric Fung Kwok-lun, William Leung Nai-pang, Norman Leung Ko May-yee, Margaret Fan Hung-ling, Henry Wu Xiang-dong

Committees

Executive Committee	Kwok Ping-luen, Raymond Wong Chik-wing, Mike Lui Ting, Victor Kwok Kai-fai, Adam Kwok Kai-wang, Christopher Tung Chi-ho, Eric Fung Yuk-lun, Allen Lau Tak-yeung, Albert Fung Sau-yim, Maureen Chan Hong-ki, Robert Yung Sheung-tat, Sandy Li Ching-kam, Frederick Lam Ka-keung, Henry
Audit and Risk Management Committee	Li Ka-cheung, Eric* Yip Dicky Peter Leung Nai-pang, Norman Wong Yue-chim, Richard
Remuneration Committee	Wong Yue-chim, Richard* Li Ka-cheung, Eric Kwan Cheuk-yin, William Leung Nai-pang, Norman
Nomination Committee	Wong Yue-chim, Richard* Kwan Cheuk-yin, William Yip Dicky Peter Leung Nai-pang, Norman

* *Committee Chairman*

Corporate Information and Information for Shareholders

Corporate Information

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Registered Office

45th Floor, Sun Hung Kai Centre
30 Harbour Road
Hong Kong
Telephone : (852) 2827 8111
Facsimile : (852) 2827 2862
Website : www.shkp.com
E-mail : shkp@shkp.com

Share Registrar

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

Solicitors

Woo Kwan Lee & Lo
Mayer Brown
Sit, Fung, Kwong & Shum

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong & Shanghai Banking Corporation Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank Ltd.
MUFG Bank, Ltd
Bank of Communications (Hong Kong) Limited
Mizuho Bank, Ltd.
Hang Seng Bank Limited
Oversea-Chinese Banking Corporation Limited

Information for Shareholders

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and are traded over the counter in the United States in the form of American Depositary Receipts ("ADR").

Stock Code

Stock Exchange	: 16 (HKD counter) and 80016 (RMB counter)
Bloomberg	: 16 HK Equity (HKD counter) and 80016 HK Equity (RMB counter)
Reuters	: 0016.HK (HKD counter) and 80016.HK (RMB counter)
Trading Symbol for ADR	: SUHJY
CUSIP	: 86676H302

Investor Relations Contact

Telephone	: (852) 3766 5787
Facsimile	: (852) 2116 0597
E-mail	: ir@shkp.com

Financial Calendar for 2022/23

Interim results announcement	: 23 February 2023
Interim dividend paid	: 16 March 2023
Annual results announcement	: 7 September 2023
Closure of register of members[1]	: 30 October to 2 November 2023 (both days inclusive)
Record date[1]	: 2 November 2023
Annual general meeting	: 2 November 2023
Ex-dividend date for final dividend	: 6 November 2023
Closure of register of members and record date[2]	: 8 November 2023
Final dividend payable	: 16 November 2023

Notes:

1. *For ascertaining shareholders' entitlement to attend and vote at the annual general meeting*
2. *For ascertaining shareholders' entitlement to the proposed final dividend*

Choice of Language or Means of Receipt of Corporate Communications

This annual report is now available in printed form in English and in Chinese, and on the website of the Company.

If (i) shareholders, who have received or chosen to receive printed copies of this annual report in English or in Chinese, wish to receive the same in the other language; or (ii) shareholders, who have received or chosen to receive or are deemed to have consented to receive this annual report by electronic means, wish to receive printed copies; or (iii) shareholders for any reason have difficulty in receiving or gaining access to this annual report on the Company's website, they may obtain printed copies free of charge by sending a request to the Company c/o the Share Registrar, Computershare Hong Kong Investor Services Limited, by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at shkp@computershare.com.hk.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications free of charge, they may at any time notify the Company by giving reasonable notice (of not less than 7 days) to the Company c/o the Share Registrar by post or by email or by completing and returning the accompanying Change Request Form.

Financial Highlights and Land Bank

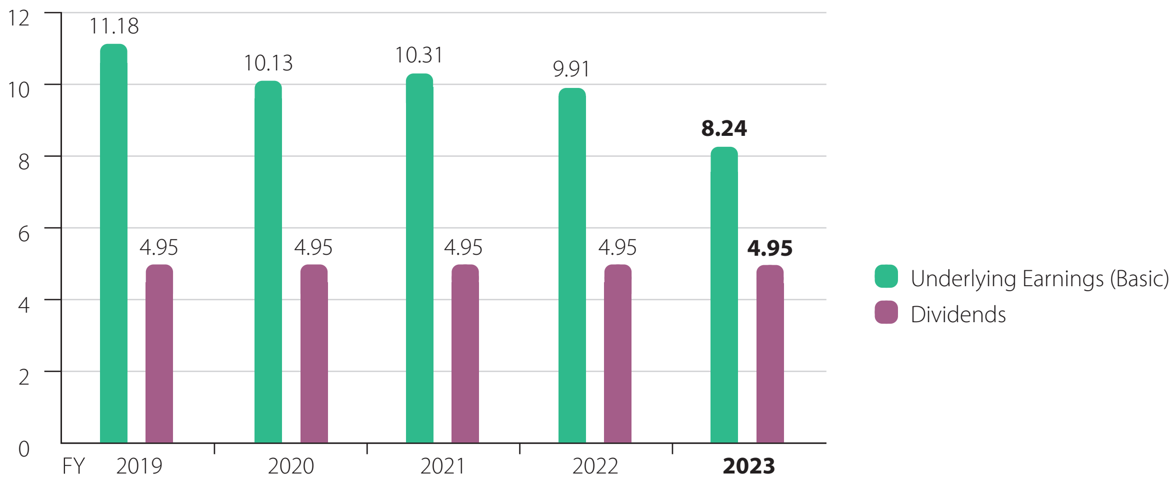
For the year ended 30 June	2023	2022	Change (%)
Financial Highlights (HK$ million)			
Group revenue	**71,195**	77,747	-8.4
Profit attributable to the Company's shareholders			
– Reported	**23,907**	25,560	-6.5
– Underlying[1]	**23,885**	28,729	-16.9
Gross rental income[2]	**24,322**	24,810	-2.0
Net rental income[2]	**18,461**	19,250	-4.1
Financial Ratios (%)			
Net debt to shareholders' equity	**18.2**	17.4	+0.8[4]
Dividend payout[3]	**60.1**	49.9	+10.2[4]
Financial Information per Share (HK$)			
Basic earnings per share for profit attributable to the Company's shareholders			
– Reported	**8.25**	8.82	-6.5
– Underlying	**8.24**	9.91	-16.9
Dividends			
– Interim dividend	**1.25**	1.25	–
– Final dividend	**3.70**	3.70	–
– Full-year dividend	**4.95**	4.95	–
Shareholders' equity	**207.80**	207.70	+0.1
Land Bank in Hong Kong (gross floor area in million square feet)			
Properties under development	**21.6**	22.4	-3.6
Completed properties[5]	**36.4**	34.7	+4.9
Total	**58.0**	57.1	+1.6
Land Bank on the Mainland (gross floor area in million square feet)			
Properties under development	**47.1**	53.0	-11.1
Completed properties[5]	**20.4**	17.6	+15.9
Total	**67.5**	70.6	-4.4

Notes:

1. *Underlying profit attributable to the Company's shareholders excluded the net effect of change in the valuation of investment properties*
2. *Including contributions from associates and joint ventures*
3. *Dividend payout based upon underlying profit*
4. *Change in percentage points*
5. *The Group has a 50% stake in a premium 950,000-square-foot shopping mall in Singapore in addition to property holdings in Hong Kong and on the mainland*

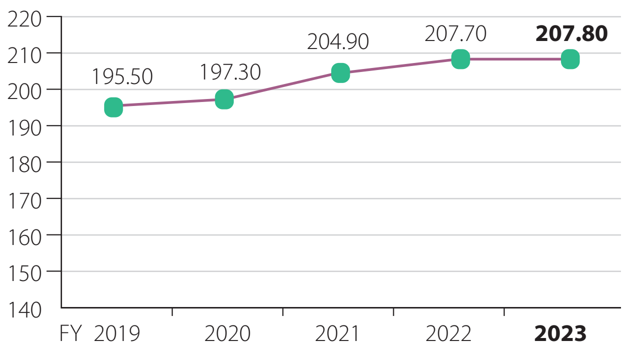
Underlying Earnings and Dividends per Share

HK$



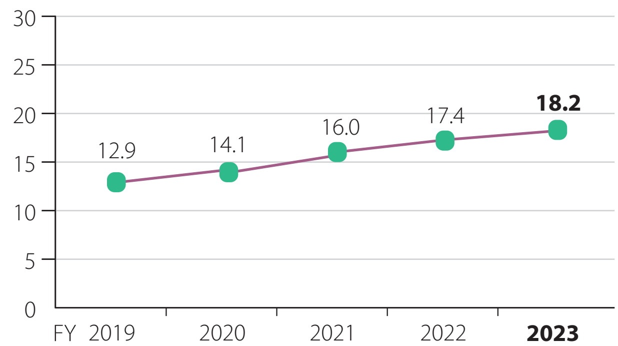
Shareholders' Equity per Share

HK$



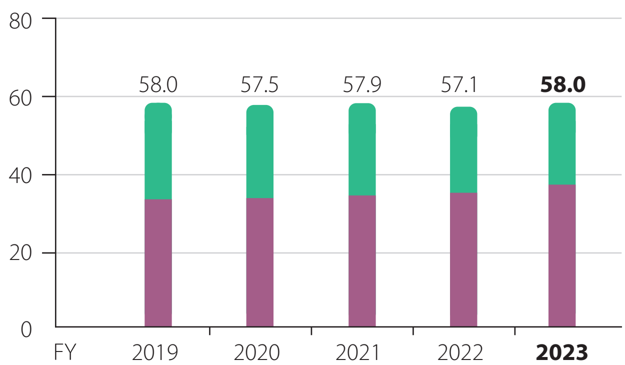
Net Debt to Shareholders' Equity Ratio

%



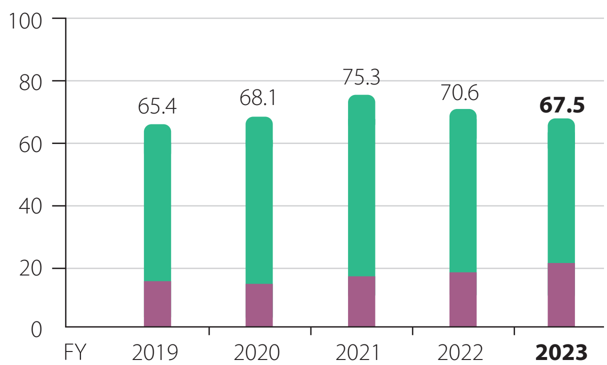
Land Bank in Hong Kong

million square feet



Land Bank on the Mainland

million square feet



Five-Year Financial Summary

Consolidated Income Statement	**2023 HK$M**	2022 HK$M	2021 HK$M	2020 HK$M	2019 HK$M
For the year ended 30 June					
Group revenue	**71,195**	77,747	85,262	82,653	85,302
Segment revenue (including share of joint ventures and associates)	**83,381**	88,340	97,130	93,024	97,414
Segment operating profit (including share of joint ventures and associates)	**34,689**	39,010	44,176	40,781	44,388
Underlying profit attributable to the Company's shareholders[1]	**23,885**	28,729	29,873	29,368	32,398
Net effect of change in fair value of investment properties	**22**	(3,169)	(3,187)	(5,847)	12,514
Profit attributable to the Company's shareholders	**23,907**	25,560	26,686	23,521	44,912
Dividends attributable to the Company's shareholders	**14,344**	14,344	14,344	14,344	13,617
Key Segment Revenue and Operating Profit (including share of joint ventures and associates)					
For the year ended 30 June					
Segment Revenue					
– Property sales	**29,116**	35,403	46,017	41,264	41,313
– Property rental	**24,322**	24,810	24,791	24,214	25,077
– Other businesses	**29,943**	28,127	26,322	27,546	31,024
	83,381	88,340	97,130	93,024	97,414
Segment operating profit					
– Property sales	**11,299**	15,847	20,994	18,377	18,697
– Property rental	**18,461**	19,250	19,149	18,565	19,678
– Other businesses	**4,929**	3,913	4,033	3,839	6,013
	34,689	39,010	44,176	40,781	44,388
Consolidated Statement of Financial Position					
As at 30 June					
Investment properties	**403,559**	398,729	395,879	380,717	386,612
Property, plant and equipment	**47,168**	44,955	42,921	40,825	35,862
Associates and joint ventures	**101,354**	101,392	101,481	78,782	73,751
Other non-current assets	**11,127**	12,841	13,305	13,845	12,522
Properties for sale	**211,639**	207,136	200,934	196,153	196,107
Bank deposits and cash	**15,280**	20,323	21,781	31,705	22,038
Assets of subsidiaries contracted for sale	**–**	–	–	37,584	–
Other current assets	**15,864**	22,191	20,118	18,220	24,270
Total assets	**805,991**	807,567	796,419	797,831	751,162
Bank and other borrowings	**(125,053)**	(124,931)	(116,823)	(112,606)	(95,006)
Other liabilities	**(74,142)**	(75,892)	(79,970)	(94,810)	(80,337)
Net assets	**606,796**	606,744	599,626	590,415	575,819
Share capital	**70,703**	70,703	70,703	70,703	70,683
Reserves	**531,352**	531,243	523,117	501,110	495,722
Shareholders' equity	**602,055**	601,946	593,820	571,813	566,405
Perpetual capital securities	**–**	–	–	3,813	3,813
Non-controlling interests	**4,741**	4,798	5,806	14,789	5,601
Total equity	**606,796**	606,744	599,626	590,415	575,819
Net debt	**109,773**	104,608	95,042	80,901	72,968
Key Financial Information and Ratios	**HK$**	HK$	HK$	HK$	HK$
Per share data					
Reported earnings per share (basic)	**8.25**	8.82	9.21	8.12	15.50
Underlying earnings per share (basic)	**8.24**	9.91	10.31	10.13	11.18
Dividends per share	**4.95**	4.95	4.95	4.95	4.95
Shareholders' equity per share	**207.80**	207.70	204.90	197.30	195.50
Financial ratios					
Net debt to shareholders' equity (%)	**18.2**	17.4	16.0	14.1	12.9
Interest cover (times)	**6.8**	12.8	13.8	11.8	14.6
Dividend payout (%)[2]	**60.1**	49.9	48.0	48.9	44.3

Notes:
1. *Underlying profit attributable to the Company's shareholders excluded the net effect of change in the valuation of investment properties*
2. *Dividend payout based on underlying profit*

Business Structure

Sun Hung Kai Properties

As at 30 June 2023

Hong Kong

Property Development

- 21.6 million sq.ft. under development with a majority for sale

Property Investment

- 36.4 million sq.ft. of completed properties with an overwhelming majority for rent / investment

Property Related Businesses

- Hotels
- Property management
- Construction
- Insurance and mortgage services

Telecommunications & Information Technology

- Mobile telephone services
- Data centres and IT infrastructure

Infrastructure & Other Businesses

- Transport infrastructure operations and management
- Port business
- Air transport and logistics business
- YATA

Mainland

Property Development

- 47.1 million sq.ft. under development and over 40% are residences for sale

Property Investment

- 20.4 million sq.ft. of completed properties with an overwhelming majority for rent /investment

The Group's principal subsidiaries, joint ventures and associates are listed from page 236 to page 244

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the year ended 30 June 2023, excluding the effect of fair-value changes on investment properties, amounted to HK$23,885 million, compared to HK$28,729 million last year. Underlying earnings per share were HK$8.24, compared to HK$9.91 last year. The decrease was mainly due to a decline in profit generated from property sales. Nevertheless, the Group's sizeable recurring profit generated from rental portfolio and non-property businesses remained relatively stable.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK$23,907 million and HK$8.25 respectively, compared to HK$25,560 million and HK$8.82 last year. The reported profit included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK$221 million, compared to a decrease of HK$2,902 million last year.

DIVIDEND

The directors have recommended the payment of a final dividend of HK$3.70 per share for the year ended 30 June 2023. The dividend will be payable on 16 November 2023. Together with the interim dividend of HK$1.25 per share, the dividend for the full year will be HK$4.95 per share, the same as last year, and represent about 60% of underlying profit this year. Going forward, the Group will adhere to its dividend policy and pay out 40% to 50% of its underlying profit.

BUSINESS REVIEW

Development Profit and Rental Income

Development Profit

For the year under review, profit generated from property sales reached HK$11,299 million, as compared to HK$15,847 million in the previous financial year. The Group achieved contracted sales of about HK$37,900 million in attributable terms.

Rental Income

During the year, the Group's gross rental income, including contributions from joint-ventures and associates, decreased by 2% year-on-year to HK$24,322 million, and net rental income decreased by 4% year-on-year to HK$18,461 million.

NOVO LAND, Tuen Mun, Hong Kong

Property Business – Hong Kong

Land Bank

The Group added three commercial sites to its land bank with a total gross floor area of about 2.3 million square feet during the year. These included a commercial site in Mong Kok, which will be developed into a comprehensive commercial complex consisting of around 1.5 million square feet of floor area and housing the second tallest building in Kowloon upon completion by 2030. The design and planning of this project will soon be finalized. Located in a traditional business and shopping district, the development will enjoy a convenient transport network with direct access to Admiralty and boundary control points to Shenzhen via the nearby MTR Mong Kok East Station. Set to synergize with the Group's Grand Century Place, another complex next to the station, the project is expected to be a new commercial hub in Kowloon. The Group's commercial footprint in the area will then be expanded to about three million square feet. The three new acquisitions will be kept for long-term investment. Details of the sites are shown in the table below.

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Kowloon Inland Lot No. 11273, Mong Kok	Commercial	100	1,524,000[1]
Artist Square Towers Project, West Kowloon Cultural District[2]	Office/Shops	100	699,000
Lot No. 1077 in Survey District No. 3, near Anderson Road, Kwun Tong	Shopping Centre	100	110,000
Total			**2,333,000**

(1) Including the gross floor area of offices, retail portion and Government Accommodation; the development plan has yet to be finalized

(2) Under a Build-Operate-Transfer arrangement for a period of about 47 years

As at 30 June 2023, the Group's attributable land bank in Hong Kong amounted to about 58.0 million square feet. Of these, around 36.4 million square feet were diversified completed properties, an overwhelming majority of which are for rental and long-term investment purposes, providing sizeable recurring income for the Group. Of the remaining portions, some 14.3 million square feet were residential properties under development for sale, which are scheduled for completion in phases over the next six to seven years. Of these, about 1.4 million square feet have been pre-sold. As always, the Group will adhere to its prudent financial discipline in considering land bank replenishment.

Property Development

Following a short recovery in early 2023, Hong Kong's residential market softened in recent months amid uncertainties on the global economic outlook and elevated interest rates. The primary residential market was relatively active with homebuyers preferring new large-scale projects complemented by comprehensive clubhouse facilities and good transport connectivity.

Riding on its reputable brand, attractive products and outstanding service, the Group's quality properties continued to draw interest from homebuyers. During the year, the Group's

The YOHO Hub, Yuen Long, Hong Kong

Chairman's Statement

Wetland Seasons Bay, Hong Kong

contracted sales in Hong Kong in attributable terms increased 13% year-on-year to about HK$33,400 million, close to its sales target for the year. Major contributors included NOVO LAND Phases 1A, 1B, 2A and 2B in Tuen Mun, University Hill Phases 2A and 2B near The Chinese University of Hong Kong, and Wetland Seasons Bay Phase 3 in Yuen Long as well as several completed projects such as The Cullinan adjoining ICC in West Kowloon.

Through the SHKP Club, which has served as an effective platform to facilitate two-way communication between the Group and its customers, the Group has been able to keep tabs on customer needs and market trends. In addition to providing premium products and services with a customer-centric approach, the Group has sought to integrate technological elements and natural landscapes into its projects and fulfil customers' rising aspirations for smart living and healthy lifestyles.

During the year, the Group completed some three million square feet of attributable gross floor area in Hong Kong. Of these, residential properties for sale accounted for about two million square feet with a majority of these units having been sold. Project details are shown in the table below.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
NOVO LAND, Phases 1A & 1B	8 Yan Po Road, Tuen Mun	Residential	100	807,000
The YOHO Hub	1 Long Lok Road, Yuen Long	Residential	JV	734,000
Wetland Seasons Bay Phase 3	1 Wetland Park Road, Tin Shui Wai	Residential/Shops	100	243,000
St Michel Phase 2	33 To Shek Street, Sha Tin	Residential	100	174,000
KENNEDY 38	38 Belcher's Street, Kennedy Town	Residential/Shops	53	66,000
–	233 Prince Edward Road West, Ho Man Tin	Residential	58	42,000
Total				**2,066,000**

The remaining one million square feet are non-residential projects, including The Millennity in Kwun Tong and a data centre, MEGA Gateway, in Tsuen Wan which have been retained for long-term investment.

As at 30 June 2023, the Group's contracted sales not yet recognized amounted to HK$28,000 million, of which about HK$24,000 million is expected to be recognized in financial year 2023/24. Most of the related sale proceeds will be received when respective units are delivered.

Property Investment

For the year under review, the Group's property investment portfolio in Hong Kong continued to provide a sizeable recurring income to the Group. Gross rental income of the Group's well-diversified property investment portfolio, inclusive of contributions from joint ventures and associates, increased 1% year-on-year to HK$17,738 million while overall occupancy remained satisfactory.

Following the full reopening of the border and lifting of all social-distancing measures, the Group's malls showed improvements in both footfall and tenant sales with average occupancy staying at a healthy level of 95% during the year. Leveraging its extensive footprint and The Point, the Group's integrated loyalty programme, the Group extended its customer base with the introduction of a cross-boundary reward scheme for consumers spending at its malls in Hong Kong and Guangzhou.

The Point has proved to be a crucial strategy in stimulating continuous spending growth by local shoppers and the return of repeat customers. The Group also enhanced its quality services to cater for the rising trend of using EVs. The Group is installing more super-fast EV chargers at its major malls to promote a wider use of EVs, allowing The Point members to use the bonus points they earned upon spending at the malls to redeem an Electric Vehicle Super Charging service. This service is the first of its kind in Hong Kong when it was launched in June 2023. Members can also enjoy a Contactless Parking service at over 50 designated Wilson Parking car parks, on top of having such experience at the Group's malls.

Maintaining close relationships with tenants and customers has enabled the Group's leasing team to keep tabs on market trends and make swift adjustments to cater for evolving spending preferences of customers. In addition, the Group regularly renovated its malls and upgraded their open spaces to boost comfort and freshness. The rebranded wwwtc mall underneath the World Trade Centre in Causeway Bay has become a new focal point, assembling luxury brands and popular restaurants since its phased openings in early 2023. Outdoor spaces at various major malls such as Tsuen Wan Plaza have been refurbished to allow for more amusement facilities and outdoor activities.

The operating environment of the Hong Kong office market remains challenging though leasing enquiries have shown signs of improvement following the full border reopening in February 2023. By differentiating itself through high green-building standards, superior building quality, professional management services, and long-term relationships with tenants, the Group's office portfolio registered a satisfactory average occupancy of about 92% during the year. Apart from aiming to obtain Leadership in Energy and Environmental Design (LEED) Gold or Platinum ratings for its new major commercial projects, the Group continues to upgrade green-building standards of its major existing properties. Both One IFC and the Group's headquarters Sun Hung Kai Centre attained LEED Platinum certifications during the year.

Supported by their prime locations and comprehensive amenities, IFC was almost fully let as it remained the best office address for international financial institutions and mainland corporations while occupancy of ICC remained at a satisfactory level. Despite keen competition in the area, the Millennium City office cluster registered a satisfactory level of overall occupancy during the year. This, together with The Millennity office towers at the 98 How Ming Street Development, will help uplift the role of Kowloon East as one of the key business hubs in the city.

APM, Kwun Tong, Hong Kong

Chairman's Statement

IFC, Central, Hong Kong

To meet the growing accommodation needs of local young professionals and incoming talents, the Group will introduce a new project, TOWNPLACE WEST KOWLOON, with a brand-new concept of combining apartment experience and modern accommodation service. Adjacent to the Group's V Walk mall and MTR Nam Cheong Station, the 374,000-square-foot project will provide premium accommodation with diverse facilities and easy transportation as it is only two MTR stops away from Airport Express Kowloon Station and the High Speed Rail West Kowloon Terminus. Boasting a panoramic view of Victoria Harbour, the project sits next to a waterfront promenade, offering a spacious open space for a wide range of outdoor activities. Scheduled to commence operation in the fourth quarter of 2023, it will also offer premium service, smart-home designs and a wide range of socializing activities, providing a quality living experience.

The flagship YOHO Mall in Yuen Long will be further enlarged by 107,000 square feet of retail space upon the scheduled opening of its extension YOHO MIX in the first half of 2024. The extension will increase offerings at YOHO Mall, cementing its role as the largest shopping and entertainment destination in northwest New Territories. Scheduled to open in 2024, the shopping mall of some 500,000 square feet underneath The Millennity in Kwun Tong will feature lush and leisurely retail space, generating synergy with the Group's APM mall in the area.

The Group's recurring income base will be further enlarged over the medium-to-long term, with the completion of the High Speed Rail West Kowloon Terminus Development and the Artist Square Towers Project in West Kowloon. Upon their full completion in 2026, these two projects will join the Group's completed ICC and two luxury hotels, forming a unique commercial cluster in Hong Kong with an aggregate premium grade A office space of about 5.7 million square feet. Planned to be an alternative for tenants in Central CBD, the cluster will host a rich mix of business, retail and entertainment options with unrivalled transport connectivity to the Greater Bay Area (GBA) via the High Speed Rail.

Set to be one of the most sustainable and environmentally-friendly buildings in the world, the High Speed Rail West Kowloon Terminus Development is targeted to obtain six major green and WELL building certifications, and has deployed a smart energy-efficient technology system. The project will be linked to the West Kowloon Art Park in the adjacent West Kowloon Cultural District and the mature community in Jordan via the 1.5-kilometre-long West Kowloon Parkway and its extensive footbridge network. Boasting convenient transport connectivity and ample green open space, the development was able to make its office space available to global financial institution UBS as the first anchor tenant.

Property Business – Mainland

Land Bank

As at 30 June 2023, the Group's total attributable land bank on the mainland stood at about 67.5 million square feet, of which about 47.1 million square feet were properties under development. The remaining 20.4 million square feet were completed properties, an overwhelming majority of which were large-scale mixed-use developments situated in strategic locations in major cities held for rental and long-term investment purposes. The Group will continue with its highly selective investment approach, focusing on prime locations in first-tier and leading second-tier cities on the mainland.

Property Development

During the year under review, the Group achieved attributable contracted sales of about RMB4,000 million on the mainland amid a softened residential market. Main contributors included the first two phases of the residential units at joint-venture development Hangzhou IFC in Hangzhou and residential units of other joint-venture projects such as Oriental Bund in Foshan and JOVOTOWN in Chengdu. In August 2023, the Group launched the third phase of the residential units at Hangzhou IFC with an overwhelming response.

The Group completed an attributable gross floor area of about 5.9 million square feet on the mainland during the year, of which about 2.8 million square feet were residential properties, namely Oriental Bund in Foshan and Grand Waterfront in Dongguan, with a majority of these units having been sold. The remaining three million square feet were properties held for rental and long-term investments, including Tower A of Three ITC in Xujiahui, Shanghai and the upscale Nanjing IFC Mall.

Property Investment

During the year, gross rental income derived from the mainland, including contributions from joint-venture projects, declined by 4% year-on-year to RMB5,215 million, affected by the lingering impact of the pandemic and rental concessions.

The Group's premium property investment portfolio on the mainland mainly comprises large-scale integrated projects in strategic locations with excellent connectivity, providing a sizeable recurring income stream. Its retail portfolio, situated in prime locations across major cities on the mainland, distinguished itself by well-defined market positioning, impeccable services and innovative promotional activities. In the first half of 2023, attributed to its luxury positioning and extraordinary shopper experience, Shanghai IFC Mall in Pudong, Shanghai stood out, with its tenant sales rebounding. Its occupancy also remained at a high level. Other premium malls in the Group's portfolio also performed well during the year.

ITC, Shanghai *(Rendering)*

Chairman's Statement

Shanghai IFC Mall, Shanghai

Apart from proactive trade-and-tenant mix refinement, the Group carried out asset enhancement projects to increase the attractiveness of the portfolio. Parc Central, the Group's joint-venture mall in Guangzhou, recently opened a new pedestrian subway connecting the mall to a metro station. Nanjing IFC Mall has a new facade with a specially designed canopy-covered entrance to give a facelift in the area. The upper zone of the mall housing mainly restaurants and cafes has opened, and the remaining portion will commence operation in late 2023. Following the opening of the Andaz Nanjing Hexi hotel in April 2023, the entire Nanjing IFC, covering a total gross floor area of 3.4 million square feet, has been completed and is set to be a new focal point in Hexi, the second CBD in the city.

Notwithstanding a challenging office leasing market on the mainland, the Group's grade-A offices at Shanghai IFC, Shanghai ICC and the first two phases of ITC achieved satisfactory occupancies during the year. The Group has endeavoured to incorporate green building elements in the development of its major commercial projects. In addition to Shanghai IFC, Shanghai ICC and Shanghai Central Plaza, Beijing APM Office Tower received LEED certification during the year.

Looking ahead, the Group's footprint on the mainland will grow with the completion of its major developments in phases. In Shanghai, the construction of the remaining part of Three ITC, which includes a 370-metre-tall Tower B office skyscraper, a flagship mega mall, and the Andaz Shanghai ITC hotel, is in full swing. With its core being topped out, Tower B of Three ITC will become one of the tallest buildings in Puxi, providing world-class green workspace upon completion in late 2024. The mega mall, ITC Maison, will boast a wide selection of well-known global brands, offering a combination of luxury and leisure attractions when it opens in phases from 2025 onwards.

Guangzhou South Station ICC is a TOD project adjoining the busiest Guangzhou South Railway Station with 12 rail lines, including high-speed rail. To be developed in phases, the project will serve as one of the business, living and transportation hubs in the GBA upon completion. Echoing Hangzhou's transformation to a digital economy, Hangzhou IFC, the Group's joint-venture project located on the waterfront of Qianjiang New City, the CBD in Hangzhou, incorporates green and smart technology in design and building solutions, helping to facilitate the development of Hangzhou as a city of innovation and vitality.

Tower A of Three ITC, Shanghai

Other Businesses

Hotels

During the year, Hong Kong's hospitality market continued to recover amid the gradual reopening of the border and the return of foreign and mainland visitors. With an improved operating environment, the Group's hotel portfolio in Hong Kong recorded operating profit.

The hotel management team has increasingly utilized smart technology and robots to enhance operational efficiency and to relieve the workload of frontline staff. With an encouraging membership take-up, Go Royal by SHKP has recruited more than 100,000 members for its Royal hotels. The programme has also joined hands with the Group's The Point to bring in new members and offers additional privileges to The Point members.

Andaz Nanjing Hexi, Nanjing

During the year, The Ritz-Carlton Shanghai, Pudong showed notable improvement, mainly driven by a recovery in domestic travel. Andaz Nanjing Hexi at Nanjing IFC began operation in April 2023. Four Seasons Hotel Suzhou, in which the Group owns a 90% interest, is scheduled to open in late 2023.

Telecommunications and Information Technology

SmarTone

During the year under review, the business of SmarTone remained stable. The company has seen a gradual recovery of roaming revenues since the beginning of 2023. There is also a continuous conversion of customers to 5G subscribers, reaching 37% penetration. Nevertheless, competition remains intense with heavy pressure on price. Operating expenses also increased, driven by higher costs of labour, electricity and other operating items. Against this difficult operating environment and the high spectrum fee paid to the Government, the company focuses on investing in a world-class 5G network and enhancing customer service. Multiple journals have confirmed that SmarTone delivers the fastest download speed in MTR stations.

SmarTone strives to deliver premium mobile service

SmarTone has strengthened its position as the leader in the 5G Home Broadband market, with a strong growth in uptake among households with no fibre access. The company has also attained early success in its enterprise solutions business. The Group remains confident about SmarTone's prospects and will continue to hold the company as a long-term investment. The Group will also leverage SmarTone as its telecommunication technology arm for the adoption of technology that can further improve the Group-wide customer experience.

SUNeVision

During the year under review, demand for SUNeVision's data centres remained strong, and SUNeVision continued to exhibit growth in revenue and profit, driven by continued digitalization across businesses and consumers. The company has witnessed both multinationals and mainland companies increase their demand for Hong Kong's capacity in anticipation of future growth, demonstrating that Hong Kong continues to be seen as a critical data hub in Asia. The recent emergence of generative AI has seen a stepped-up demand for data-centre power and capacity in the United States and Europe, and there are signs that this will be coming to Asia soon.

Chairman's Statement

Looking ahead, there are uncertainties and headwinds that need to be managed, even though the pipeline of the company is strong. Costs including labour, construction and interest have been increasing significantly recently. In addition, the substantial new supply of data-centre facilities in Tsuen Wan and Kwai Chung could also weigh on pricing. To mitigate such risks, the company has taken the approach of building out its new data centres in phases. The first phase of over 500,000 square feet of MEGA IDC, the company's flagship project in Tseung Kwan O which has attracted strong interest from potential customers with unrivalled infrastructure and connectivity, will be completed by early 2024. The company will build out other phases of the facility based on demand and commitments. Such an approach not only has the benefit of conserving capex, but will also allow the company to tailor development for future customer requirements.

SUNeVision won the Judicial Review case against the Hong Kong Science and Technology Parks Corporation (HKSTP). This relates to the suspected widespread unauthorized subletting among data-centre operators within the industrial estates under HKSTP's management. The company asks that HKSTP to immediately require the directors of all tenants to sign a declaration that confirms no breaches. This will close the loophole for all future rent-seeking opportunities by unscrupulous tenants at the Tseung Kwan O Industrial Estate. It is important for HKSTP to rectify the situation quickly as this is critical for the long-term development of Hong Kong's innovation sector.

Infrastructure and Other Businesses

During the year, the Group's infrastructure and transport businesses recorded mixed performance. Wilson Group recorded improved performance in the light of local economic revival and traffic flow at Route 3 (CPS) started to pick up following the resumption of cross-border travel. With a growth in demand for charter flights after the border fully reopened, The Hong Kong Business Aviation Centre registered a recovery in business activities. The Airport Freight Forwarding Centre continued to play a major role in supporting logistics players to deliver time-sensitive cargoes. The company's performance was

MEGA Gateway, SUNeVision's new data centre in Tsuen Wan

inevitably affected by lower cargo throughput amid global economic uncertainties. The River Trade Terminal recorded a drop in throughput with the weakening of global demand from the United States and Europe. Nevertheless, the company has taken stringent cost-control measures to maintain operational efficiency and profitability.

YATA has built an established reputation, particularly in the supermarket industry. Over the next year, the company will launch a major revamp in phases to further improve its product selection, product quality and customer service, starting with its flagship store in Sha Tin. The company aspires to be the best in Hong Kong in terms of offerings and shopping experience, and will work very closely with the Group's malls to drive traffic and uplift overall customer experience.

Corporate Finance

Financial sustainability with healthy gearing, abundant liquidity and balanced debt repayment schedules has been a consistent cornerstone of the Group's prudent financial policies. On the back of its sizeable recurring income and strict financial discipline, the Group is well-prepared to ride out the economic headwinds. This also allowed it to be recognized as one of the top-rated property companies in Hong Kong. Both Moody's and S&P have reaffirmed their respective credit ratings of A1 and A+ with stable outlooks for the Group.

Thanks to tremendous support from the banking community, the Group arranged its largest-ever HK$27,500 million 5-year syndicated loan in May 2023. Meanwhile, new Renminbi loans were also concluded with strong support from mainland banks to fund the Group's projects on the mainland, despite the continuously challenging property market.

During the year, the Group issued a HK$500 million 3-year bond, USD70 million 3-year bond, and a CNH200 million 10-year bond. The Group also issued on the mainland its first CNY2,000 million commercial mortgage-backed securities with a view to diversifying its financing tools and channels. Additionally, the Group has since July 2023 issued three 5-year CNH bonds and two 2-year CNH bonds with a total issue size of CNH1,500 million.

The additional borrowings in Renminbi help achieve a better alignment of the Group's Renminbi-denominated assets and liabilities. Additionally, the interest rates for Renminbi financing are currently more favourable, offering an opportunity for the Group to reduce its overall cost of borrowing. Also, the Group will continue to fund the construction capital expenditure of its projects on the mainland with onshore Renminbi loans. As at the end of June 2023, about 42% of the Group's total borrowings were either HKD fixed-rate debts or denominated in Renminbi.

Adhering to its established financial discipline, the Group has not executed any speculative derivative or structured-product transactions. All the Group's US dollar borrowings have also been hedged through cross-currency swaps.

CORPORATE GOVERNANCE

A commitment to high standards of corporate governance to safeguard all stakeholders' interests is one of the cornerstones of the long-term and sustainable growth of the Group's businesses. The Board of Directors oversees the Group's overall strategies and business directions. With a strong presence of independent members, the Board consists of 20 members with a diversity in backgrounds, professional and business experience, and gender that suits the Group's strategies, governance and businesses. Except for the Executive Committee that supports the Board for making decisions on key issues, all other Board Committees are chaired by INEDs and served by Non-Executive Directors with a majority of their members being INEDs. In addition, the Board is supported by a crisis management taskforce for handling major ad hoc matters.

The Group's dedication to corporate governance and creating long-term value for all stakeholders has been recognized by internationally renowned financial publications over the years. During the year under review, the Group won the Best Overall Developer in Hong Kong by *Euromoney* and was chosen as the Most Outstanding Company in Hong Kong – Real Estate Sector by *Asiamoney*.

SUSTAINABLE DEVELOPMENT

The Group continued to enhance its ESG standards and practices to achieve sustainability and create long-term value for stakeholders. During the year, the Group was listed in the S&P Global Sustainability Yearbook 2023. Other industry recognitions included the Group's ranking as one of the top three companies in the Hang Seng Corporate Sustainability Index for four consecutive years, and a constituent member of the FTSE4Good Index Series since 2018.

Environment

The Group is on track to meet its 10-year environmental targets for climate resilience and building a cleaner city. In addition to adopting eco-friendly designs, the Group has leveraged latest green building technologies to reduce emissions and waste at its construction sites. During the year, the Group collaborated with a local university to carry out research on green building measures, contributing to Hong Kong's evolution to a smart and carbon-neutral city. A company set up by the Group's construction arm also developed innovative solutions to enhance construction processes.

Chairman's Statement

The Group remains committed to obtaining LEED Gold or Platinum ratings for its major commercial properties under development. For residential projects, NOVO LAND is the first residential development in Hong Kong to obtain three internationally recognized certifications for healthy buildings.

As part of the Group's initiatives to comply with international standards for increasing disclosure of climate-related risks and opportunities, the Group commissioned third-party consultants to deal with its reporting in accordance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and to conduct a study of its scope 3 emissions (specific indirect emissions). The Group is also building one of the largest solar-energy generation networks in Hong Kong to promote energy transformation. A key part of this includes the Group's joint effort with partners to build Hong Kong's first solar farm on a landfill site in Tseung Kwan O.

While there has been a substantial ramp-up in electric cars over the past two years, many drivers find it challenging given limited availability of public chargers, most of which being slow chargers. To help solve the problem, the Group is in the process of installing super-fast EV chargers in all of its major malls throughout Hong Kong by mid-2024. Drivers can also use The Point bonus points to redeem the service.

Social

With a commitment to giving back to society, the Group has continued to leverage its resources to improve people's livelihoods and help address some of the prevailing social problems in Hong Kong. During the year, the Group lent a site in Yuen Long to the HKSAR Government to build light public housing units, becoming one of the first developers to join this large-scale social project. To support the Government's initiative of importing construction workers, the Group extended the rent-free lease for another plot of land in Yuen Long for putting up centralized living quarters for the imported workers.

The Group participated in the Government's Strive and Rise Programme, to support personal development of underprivileged junior secondary students in Hong Kong. It also participated in the Scheme on Corporate Summer Internship on the Mainland and Overseas 2023, placing tertiary-education level students in different positions on the mainland. Operated by the Group for not-for-profit purposes, Noah's Ark Hong Kong hosted a large-scale charity event for the underprivileged to promote social inclusion. The SHKP-Kwoks' Foundation continued its wide range of scholarships with mostly mainland universities, benefitting over 70,000 people since its establishment in 2002.

NOVO LAND is the first residential development in Hong Kong to obtain three internationally recognized certifications for healthy buildings

Sun Hung Kai Properties Hong Kong Cyclothon helps Hong Kong develop into a centre for major sports events

The Group has supported STEM education in Hong Kong through the SHKP Reading Club. As a core initiative, the Club co-organized the second Future Engineer Grand Challenge in 2023, inviting primary and secondary school students to unleash their creativity in the application of science and technology in daily life. The Club also sponsored a social enterprise to publish a pictorial book presenting Hong Kong's historical, cultural and STEM developments since the return to the motherland, distributed to all local kindergartens for free.

With Hong Kong's return to normalcy, the Group's signature sports-for-good event, the Sun Hung Kai Properties Hong Kong Cyclothon, made a comeback in December 2022 as the biggest outdoor sporting event of the year, contributing to Hong Kong's development as a centre for international sporting events.

PROSPECTS

The global economy is still confronted by a host of challenges, including continuing geopolitical risks, mounting trade friction and notable inflation in the West. The slack demand is also expected to further dampen international trade. Although interest rates for most advanced economies may prevail at high levels for a while, elevated interest rates should cool inflation while the current rate-hike cycle may be nearing its end.

The mainland economy is facing difficulties arising from a grim and complex external environment, insufficient domestic demand and supply-demand issues in the real estate market. In view of the challenges, apart from implementing a proactive fiscal policy and a prudent monetary policy on a continuous basis, the Central Government has adjusted housing policies and launched more initiatives to promote employment and expand consumption.

A number of factors such as an uncertain global economic outlook may affect the pace of economic recovery in Hong Kong. Nevertheless, a series of government initiatives, including talent pooling and labour importation, are expected to enhance the city's overall capacity and competitiveness. The good progress in attracting strategic enterprises will also bring in capital and talents. Such favourable factors are expected to support housing demand in Hong Kong. These, together with dedicated efforts in the development of Hong Kong as an international centre of innovation and technology, are likely to give a fresh impetus to the city's growth. Sustainable economic growth should bode well for the property market.

Chairman's Statement

As always, the Group will adhere to its selective approach and prudent financial discipline in its land bank replenishment and strictly control its capital expenditure. With the aim of generating continuous cash flows, the Group will launch new projects for sale when ready and step up the sales of unsold completed units and non-core properties. For the rest of financial year 2023/24, new residential projects on offer in Hong Kong will include YOHO WEST, the first phase of Tin Wing Station Development, in Yuen Long, The YOHO Hub II in Yuen Long, the third phase of NOVO LAND in Tuen Mun, the first phases of Cullinan Sky and Cullinan Harbour in Kai Tak as well as a joint-venture project on Prince Edward Road West in Ho Man Tin. On the mainland, the Group is planning to launch a new phase of Shanghai Arch in Shanghai and new batches of joint-venture developments such as Hangzhou IFC and Oriental Bund in Foshan.

The Group continues to invest in order to boost the competitiveness of its property investment portfolio. Aside from expanding its green building portfolio and upgrading its properties on a regular basis, the Group will continue to make use of innovative technology and digital initiatives to enhance property and service quality, adding value for both tenants and customers.

Over the next two to three years, the Group's recurrent income base should expand further as new investment properties come on stream. In Hong Kong, TOWNPLACE WEST KOWLOON will commence business from the fourth quarter of 2023. The extension of YOHO Mall in Yuen Long and the shopping mall underneath The Millennity in Kwun Tong are scheduled to open in 2024. On the mainland, the last phase of ITC in Shanghai is slated for completion in late 2024. These projects will gradually contribute to the Group's recurring income. Over medium-to-long term, major integrated projects such as the High Speed Rail West Kowloon Terminus Development in Hong Kong will contribute to the growth of recurring income upon their completions.

Under the auspices of 'One Country, Two Systems', Hong Kong enjoys a sound common law system and low tax regime. With the strong support of the motherland, Hong Kong has established a close connection with the world. Such a competitive edge, together with the achievements of the Belt & Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area Development, will enable Hong Kong to give full play to its role as 'eight centres', such as an international financial and trade centre as well as a centre for innovation and technology. The Group has full confidence in the prospects of the mainland and Hong Kong and will continue to invest in the territory as well as major mainland cities.

YOHO MIX, Yuen Long, Hong Kong (The extension of YOHO Mall)

High Speed Rail West Kowloon Terminus Development, Hong Kong (Rendering)

Over the years, the Group's commitment to developing quality buildings and services in the spirit of Building Homes with Hearts has earned it a strong reputation. With great emphasis on stakeholder engagement, the Group has built a close long-term relationship with customers and tenants, enabling it to respond swiftly and move with the times. The Group's sizeable property investment portfolio and non-property businesses have generated a stable and substantial recurring income. These, together with its strong financial position, have allowed the Group to demonstrate strong resilience in navigating through shocks and challenges. With a wealth of experience in weathering various cycles of the city over the past 50 years, the management team is well-prepared to lead the Group to overcome upcoming challenges. In the years ahead, the Group will, as always, observe its prudent financial principles and maintain a focused strategy to achieve sustainable growth. In addition to creating more premium properties to meet people's desire for green and healthy living, the Group will continue to leverage its resources to build a better society.

DIRECTORS AND APPRECIATION

Mr. Wu Xiang-dong, an Independent Non-Executive Director of the Company, will retire at the annual general meeting. I would like to thank him for his valuable contribution to the Group during his tenure of service.

I would like to take this opportunity to express my appreciation to our staff for their diligence and contribution. Their high level of dedication and professionalism is always our key to success and honours our commitment to quality. My gratitude also goes to my fellow directors for their guidance, and our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 7 September 2023

Business Model and Strategic Direction

Executive Committee

*Kwok Ping-luen, Raymond **
(Chairman & Managing Director)

*Wong Chik-wing, Mike **
(Deputy Managing Director)

*Lui Ting, Victor **
(Deputy Managing Director)

*Tung Chi-ho, Eric **

*Kwok Kai-fai, Adam **

*Kwok Kai-wang, Christopher **

*Fung Yuk-lun, Allen **

** Executive Director*

Business Model

As one of the largest property developers and landlords in Hong Kong, the Group is committed to creating sustainable value for shareholders and other stakeholders by developing and leasing premium properties with attentive service to residents, shoppers and tenants, both in Hong Kong and on the mainland.

Property development for sale, one of the two core businesses of the Group, adopts a vertically integrated model, from land acquisition, project planning, project management, material sourcing and construction through to sales and marketing and property management. This ensures a high standard in each area of a development and enables the Group to control the ultimate quality of its developments.

The second core business of the Group is property investment for rental purpose. Throughout the years, the Group has built, leased and managed a wide variety of commercial projects in Hong Kong and major cities on the mainland to provide premium office and retail space to tenants. In addition, the Group maintains a portfolio of hotels, high-class serviced suites and luxury residences catering for the diverse needs of its customers. The portfolio of property investment also covers industrial buildings, godowns, data centres and car parks.

Property development for sale and rental income from the portfolio of property investment constitute the Group's primary sources of income. The Group places sustainability as one of its top priorities by integrating Environmental, Social and Governance (ESG) elements into its property development and management operations.

Core Values

The following core values are cornerstones for the Group's long-term development.

- **Building Homes with Heart**
  Producing premium premises and offering quality services for an ideal living environment; delivering sustainable value to the communities in which the Group operates
- **Speed, Quality, Efficiency**
  Earning the support and trust of all stakeholders through a commitment to speed, quality and efficiency
- **Customer First**
  Constantly anticipating what customers want and offering quality products and attentive services that exceed expectations
- **Continuous Improvement**
  Keeping up with the market and setting high standards, along with lifelong learning for greater adaptability and constant exploration of new ideas
- **Teamwork**
  Nurturing a pool of talented and high-calibre employees capable of achieving objectives through harnessing the power of teamwork, collective experience and professional knowledge

Strategic Direction

The Group creates sustainable value for shareholders through the following strategies:

- Balanced sources of income
- Hong Kong focus
- Expansion on the mainland
- Prudent financial management

*Lau Tak-yeung, Albert **

*Fung Sau-yim, Maureen **

*Chan Hong-ki, Robert **

Yung Sheung-tat, Sandy

Li Ching-kam, Frederick

Lam Ka-keung, Henry

Balanced Sources of Income

The Group aims to secure relatively balanced sources of income over the long term with a focus on property development for sale and rental income from its portfolio of property investment. This strategy offers a balance between steady cash flow and quick asset turnover.

The portfolio of property investment aims to generate a steadily growing income stream for the Group's shareholders. Proactive leasing management, asset enhancement initiatives and trade- and tenant-mix refinements are key attributes to maintaining the Group's leading position in the leasing market.

Property development serves as another growth engine for the Group in the long term and offers quick asset turnover as well as enhances liquidity and capital utilization. The Group makes every effort to ensure outstanding quality and services in order to achieve premium pricing.

Hong Kong Focus

As a significant participant in the development of the city for decades, the Group has built a trusted reputation and premium brand name over the years. With Hong Kong's unique advantages under 'One Country, Two Systems', the Group is confident of the territory's long-term prospects not only as an international centre for finance, transportation, trade as well as innovation and technology, but also as a gateway to the world for the mainland.

Through tenders, land use conversions and other means, the Group has added new sites to its Hong Kong land bank over the years and targeted prime sites with attractive investment potential. The Group upholds its belief in Building Homes with Heart, making it a developer that customers prefer. As an integral part of its core strategy, the Group continues to strengthen its premium brand through the delivery of outstanding products and services. Throughout the years the Group's efforts have enhanced its premium brand, which has been well recognized by the market. The Group has pledged to continue to strengthen its premium brand in the years to come.

Expansion on the Mainland

The Group is positive about the long-term prospects for the mainland, which offers a variety of investment opportunities. The Group has a highly selective and focused strategy with key cities being its major focal points. Building upon its stellar reputation, experienced team, commitment to quality and customer focus, the Group will continue to focus on building and enhancing its premium brand and developing high-quality projects on the mainland.

Prudent Financial Management

A strong financial position is crucial to the Group's success. Prudent financial management ensures the Group's healthy and sustainable growth and allows it to invest in attractive projects when opportunities arise.

Constantly maintaining its gearing at a reasonable level, and paying close attention to liquidity management, the Group has ensured adequate financial resources for its daily operations and strategic investments.

The Group aims to further strengthen its financial position by diversifying sources of funding. The Group enjoys high credit ratings, putting it in a favourable position to tap debt capital markets. The Group also maintains excellent banking relationships and is able to obtain abundant banking facilities for business needs.

Review of Operations

Victoria Harbour Gateway, Hong Kong

Hong Kong Property Business

Highlights

- **Held a diverse land bank of 58.0 million square feet as at 30 June 2023**
- **Completed an approximate 3.0 million square feet of attributable gross floor area, of which about 2.0 million square feet were residential properties for sale**
- **Achieved contracted sales of about HK$33,400 million**
- **Recorded a net rental income from the Group's well-diversified quality rental portfolio of HK$13,249 million**

Land Bank

During the year under review, the Group added three commercial sites to its development land bank with an aggregate gross floor area of about 2.3 million square feet in attributable terms. For details of these additions, please refer to the Chairman's Statement on page 9.

As at 30 June 2023, the Group's land bank in Hong Kong totalled 58.0 million square feet of gross floor area, comprising about 21.6 million square feet of properties under development and around 36.4 million square feet of completed properties.

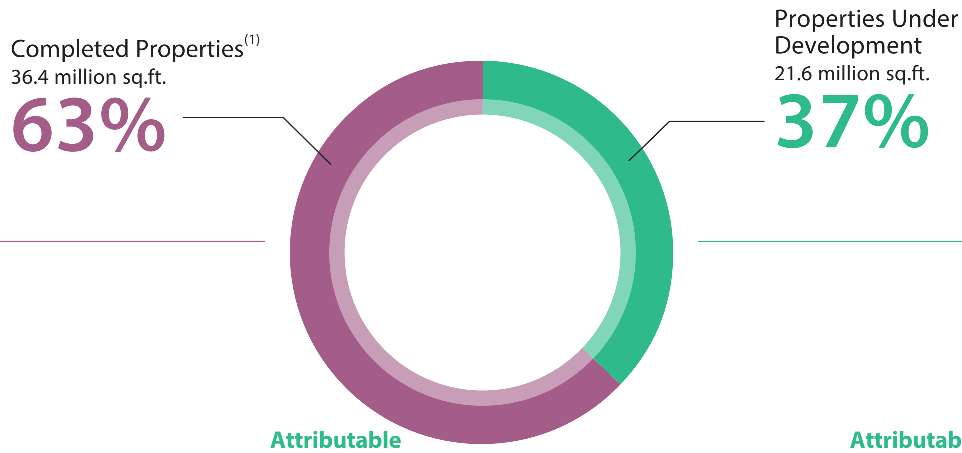
The Group owns a sizeable portfolio of completed properties, an overwhelming majority of which are for rental and long-term investment purposes. Spreading across different areas of the territory, these developments are well diversified in terms of usage, floor-plate sizes and rental levels, and are mainly located along railway lines or next to MTR stations. The portfolio comprises some 34% of shopping malls and retail space and 30% of premium office buildings. About 13% are industrial buildings and data centres. This quality rental portfolio has drawn leasing demand from a variety of tenants who are all looking for premium customer services and easy transportation. Meanwhile, the developments are also able to meet the increasing demands from corporates for quality properties with high green building standards.

In Hong Kong, the Group holds some 21.6 million square feet of properties under development, which are sufficient to meet its development needs over the medium term. Of this portfolio, about 14.3 million square feet have been earmarked for the building of different types of residential properties for sale across the territory. The remaining 7.3 million square feet will be retained for rental and long-term investment purposes. The majority of these are integrated developments, including the commercial landmarks in West Kowloon, which are expected to create great synergy with the Group's existing portfolio.

The Group's land bank in Hong Kong as at 30 June 2023, by attributable gross floor area, was as follows:

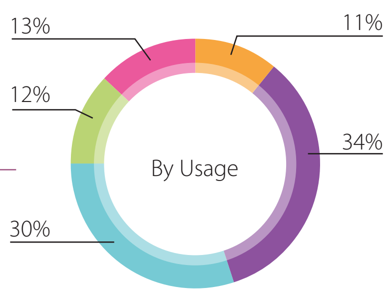
Hong Kong Land Bank Composition

(58.0 million square feet of attributable gross floor area as at 30 June 2023)

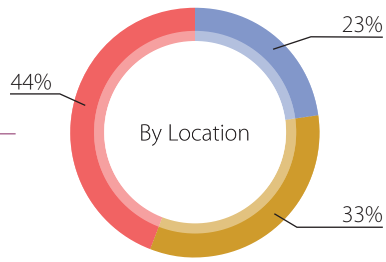


Completed Properties

	Attributable Gross Floor Area (million sq.ft.)
Residential	4.2
Shopping Centre/Shops	12.2
Office	11.0
Hotel	4.3
Industrial[2]	4.7

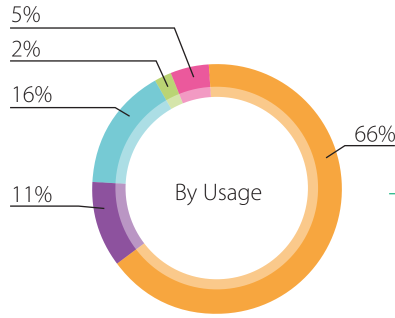


	Attributable Gross Floor Area (million sq.ft.)
Hong Kong Island	8.2
Kowloon	12.2
New Territories	16.0

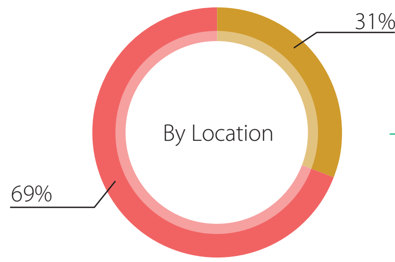


Properties Under Development

	Attributable Gross Floor Area (million sq.ft.)
Residential	14.3
Shopping Centre/Shops	2.5
Office	3.4
Hotel	0.4
Industrial[2]	1.0



	Attributable Gross Floor Area (million sq.ft.)
Kowloon	6.6
New Territories	15.0



(1) An overwhelming majority are for rent/investment

(2) Including industrial/office premises, godowns and data centres

Hong Kong Property Business

Property Development

Clubhouse of NOVO LAND, Tuen Mun

Clubhouse of The YOHO Hub, Yuen Long

Property Development

High Speed Rail West Kowloon Terminus Development

Committed to developing quality and sustainable properties that meet people's desire for better living, the Group has continued to replenish its development land bank in Hong Kong as opportunities arise. During the year, the Group added some 2.3 million square feet of attributable gross floor area to its portfolio.

Reflecting its strong commitment to offering high-quality products, ten years ago the Group pioneered the first-three-year warranty for new residential units in Hong Kong. This has not only set a new standard in the industry but considerably strengthens the Group's brand reputation. Apart from the use of innovative construction technology, the Group constantly introduces new techniques to monitor building safety and quality.

The Group is dedicated to creating long-term value for residents and tenants through the introduction of innovative development concepts into its properties. Smart technology was deployed to uplift user experience and satisfaction as well as operational efficiency. To meet the rising aspiration for wellness and smart living, the Group not only integrates smart and convenient living with green and sustainability elements throughout its developments, but also strives to clinch high international green certifications for both residential and commercial projects. The Group has been keeping abreast of customers' needs and market trends through the SHKP Club, an effective platform that facilitates two-way communication between the Group and its customers.

During the year under review, the Group achieved contracted sales of about HK$33,400 million in attributable terms in Hong Kong despite consolidation in the property market in the second half of 2022. Major residential projects launched for sale included NOVO LAND Phases 1A, 1B, 2A and 2B in Tuen Mun, University Hill Phases 2A and 2B near The Chinese University of Hong Kong and three completed projects in Yuen Long, namely Wetland Seasons Bay Phase 3, Grand YOHO Phase 2 and Park YOHO Bologna.

Cullinan Sky, Kai Tak

Major Projects under Development

Spanning across Hong Kong, the Group has a diversified property development portfolio including mass-market apartments, luxury residences, premium offices and modern retail premises, most of which are strategically located in new development areas or along existing and planned railway lines. Below are the descriptions of the major projects.

Kowloon

Cullinan Sky
New Kowloon Inland Lot No. 6568
(100% owned)

Site area	:	178,000 square feet
Gross floor area	:	1.1 million square feet (residential) 220,000 square feet (retail)
Approximate number of units	:	1,500
Expected date of Certificate of Compliance/ Consent to Assign	:	from first half of 2025, in phases

Set to be the tallest residential development in the district, Cullinan Sky comprises about 1.1 million square feet of residential gross floor area in the Kai Tak City Centre. Developed in phases, the residential portion will consist of approximately 1,500 units in five high-rise towers. To suit the needs of different home buyers, the project will offer a wide range of layouts, from studio to four-bedroom apartments as well as some special units. Residents will experience sheer luxury and enjoyment in the clubhouses of the project. Flats on high floor zones will enjoy the magnificent view of Victoria Harbour.

A shopping mall at the podium, comprising 220,000 square feet of retail space in four storeys, will feature a nature-embracing rooftop area and an underground retail street linked directly to MTR Kai Tak Station, bringing relaxed living and urban convenience to residents. Superstructure work is progressing smoothly. An all-weather covered walkway will directly connect the development to the MTR station and other parts of Kai Tak City Centre, allowing residents to enjoy hassle-free travel to other business areas in the city via the rail lines. The Central Kowloon Route, to be completed in 2025, will further enhance its transport connectivity to Express Rail Link and West Kowloon.

Cullinan Harbour
New Kowloon Inland Lot No. 6551
(100% owned)

Site area	:	118,000 square feet
Gross floor area	:	625,000 square feet (residential) 24,000 square feet (retail)
Approximate number of units	:	450
Expected date of Certificate of Compliance/ Consent to Assign	:	from second half of 2025, in phases

Cullinan Harbour is located at the southern end of the former Kai Tak runway with a proximity to Kai Tak Cruise Terminal. Comprising about 625,000 square feet of residential gross floor area and some 24,000 square feet of retail space, this harbourfront project will be developed in two phases, providing a total of about 450 luxury residences. The residential portion will consist of nine high-rise towers and a few low-rise blocks. Large units will account for the major flat type coupled with dozens of special mansions or duplexes. Through meticulous

Cullinan Harbour, Kai Tak

Property Development

designs, virtually all units will enjoy the expansive views of both sides of Victoria Harbour, bringing the best out of the harbourfront. With thoughtful consideration for residents' living experience, Cullinan Harbour will feature a clubhouse offering a variety of amenities, including indoor and outdoor swimming pools. Additionally, sufficient parking spaces will be provided to ensure residents' convenience. The first phase of Cullinan Harbour will provide some 260 units. Construction work is progressing smoothly. Upon its full completion, the project is expected to create synergy with Cullinan Sky.

Residents can also enjoy a leisurely living experience and shopping convenience with the retail shops along the harbourfront promenade, while the Kai Tak Sky Garden, a multi-purpose elevated landscaped deck of about 1.4 kilometres long, will provide approximately two hectares of green open space and serve as a pedestrian link connecting the project to the Kai Tak Cruise Terminal, the Kai Tak Runway Park, the future Metro Park and Tourism Node development in the vicinity.

High Speed Rail West Kowloon Terminus Development Kowloon Inland Lot No. 11262

(Joint Venture)

Site area	: 643,000 square feet
Attributable gross floor area	: 1.2 million square feet (office) 603,000 square feet (retail)
Expected date of completion	: from the end of 2025

Strategically located atop Hong Kong's only High Speed Rail station, adjoining the Airport Express Line and connecting to three other MTR lines, the project enjoys unparalleled connectivity with major mainland cities and other parts of the world. With about 2.6 million square feet of premium grade-A office and about 600,000 square feet of retail space, the integrated project is set to become a landmark of the fast-growing West Kowloon. The Group holds the entire retail portion and some 1.2 million square feet of the office portion as long-term investment. The remainder of the office portion is held by two long-term strategic investors.

Designed to attain the highest ratings for six major green and WELL building certifications, the project is set to become one of the most sustainable and environmentally-friendly buildings in the world upon completion. The Leadership in Energy and Environmental Design (LEED) and WELL Platinum pre-certifications have already been obtained. A brand-new smart energy-efficient technology and system solutions have been designed to turn the project into the city's first large-scale smart energy-efficient green complex with power flexibility. Superstructure work has been progressing well.

Providing some 100,000 square feet of open space with ample green and wellness elements as well as an outdoor observation deck open to the public, the development will also link up older communities in Jordan and Yau Ma Tei with the waterfront through the 1.5-kilometre-long West Kowloon Parkway. The project is expected to synergize with the Group's completed ICC and the Artist Square Towers Project under construction in the neighbourhood, forming a unique commercial cluster in West Kowloon. For more information, please see below for details of the Artist Square Towers Project.

Artist Square Towers Project, West Kowloon Cultural District

(100%)

Site area	: 72,000 square feet
Gross floor area	: 672,000 square feet (office) 27,000 square feet (retail)
Expected date of completion	: 2026

In November 2022, the Group was awarded the development and operational right for the Artist Square Towers Project in the West Kowloon Cultural District for a period of about 47 years under a Build-Operate-Transfer arrangement. Adjacent to the M+ Museum, this harbourfront project will be developed into three grade-A office towers with an approximate gross floor

Artist Square Towers Project, West Kowloon (Rendering provided by the West Kowloon Cultural District Authority) area of 672,000 square feet and retail space of some 27,000 square feet. A majority of the floor levels will enjoy the spectacular views of Victoria Harbour and the Hong Kong Island skyline. As an integral part of the West Kowloon Cultural District, the project is anticipated to help foster Hong Kong's development into an East-meets-West centre for international cultural exchange upon its scheduled completion in 2026. This project is currently in the planning stage.

Connected to the adjacent ICC by a covered footbridge, the project will enjoy extensive transportation connectivity, including the High Speed Rail, Airport Express and other MTR lines, and many bus routes. This, together with the Group's completed ICC and High Speed Rail West Kowloon Terminus Development now under construction in the neighbourhood, will form a premium office cluster, providing a total of 5.7 million square feet of grade A-office spaces in West Kowloon, further boosting the area's status as a unique commercial, cultural, arts, retail, entertainment and transportation hub in Hong Kong and the Greater Bay Area (GBA).

Kowloon Inland Lot No. 11273, Mong Kok

(100% owned)

Site area	: 124,000 square feet
Gross floor area	: 1.5 million square feet (commercial) [1]
Expected date of completion	: after 2026

Through a public tender in March 2023, the Group acquired a commercial site in a prime location in Mong Kok. The site is planned to be developed into a commercial complex comprising an over-300-metre-tall skyscraper, which is expected to be the second tallest icon in Kowloon. Situated at a strategic location in one of the busiest districts in the city, the project will link up the adjacent MTR Mong Kok East Station and Mong Kok Station through a footbridge network. Set to become a new transportation hub, the project will provide a public transport interchange, which will include a cross-border coach terminus, along with some 800 parking spaces. The development is currently in the design and planning stage.

Kowloon Inland Lot No. 11273, Mong Kok

The landmark complex will consist of commercial components, government facilities and plenty of green open space. This project will feature a rooftop viewing platform for visitors to enjoy a sweeping view of the Kowloon Peninsula. It will also offer convenient access to a walkway to the Group's integrated complex, comprising shopping mall MOKO, the Royal Plaza Hotel and two premium office towers, Grand Century Place, next to MTR Mong Kok East Station. Both complexes will benefit from the greater synergy.

(1) Including the gross floor area of offices, retail portion and Government Accommodation; the development plan has yet to be finalized

Property Development

Silicon Hill and University Hill, Tai Po

Tai Po Town Lot No.253, Sai Sha

New Territories East

Silicon Hill/University Hill
Tai Po Town Lot No. 244

(100% owned)

Site area	:	354,000 square feet
Gross floor area	:	900,000 square feet (residential) 23,000 square feet (retail)
Approximate number of units	:	1,900
Expected date of Certificate of Compliance/ Consent to Assign	:	from first half of 2024, in phases

Located in the thriving living community of Pak Shek Kok in Tai Po, the project will be developed in phases to provide approximately 1,900 units spanning 14 residential towers. The first phase, Silicon Hill, comprised of some 600 units, was launched for sale in June 2022 with all units virtually sold out. The remaining phases named as University Hill, consisting of about 1,300 flats, were put up for sale in stages in April and May 2023, with positive market response.

The Group incorporates technological and intelligent designs in the development to bring its residents a smart and sustainable living experience. This includes working closely with SmarTone to install in-wall wireless internet systems in the construction stage, enabling residents to use their devices to remotely control the air conditioning system and smart light master switch. Eco-friendly and sustainable-focused services have been introduced in the clubhouses to cater for the increasing awareness of Environmental, Social and Governance (ESG).

About 23,000 square feet of retail space, including an over-200-metre-long retail street, will enable residents to shop and dine on their doorstep. The retail portion will offer a diversified selection of shops, including YATA, to better cater to residents' needs. Adjacent to the proposed MTR Science Park/Pak Shek Kok Station, the project will enjoy additional convenience with multiple bus-route services being approved. Superstructure of the entire project has been topped out.

Tai Po Town Lot No. 253, Sai Sha

(100% owned)

Site area	:	6.7 million square feet
Gross floor area	:	5.7 million square feet (residential) 130,000 square feet (retail)
Approximate number of units	:	9,700
Expected date of Certificate of Compliance/ Consent to Assign	:	from first half of 2025, in phases

The mega project in Sai Sha comprises a residential gross floor area of over five million square feet, providing a total of about 9,700 residential units with a wide range of flat types and retail space of some 130,000 square feet. Surrounded by a tranquil environment with low development density, most units will boast panoramic mountain or sea views.

This residential landmark is thoughtfully planned to seamlessly integrate with the surrounding natural environment and is built on the concepts of key design elements, including health and wellness, green and sustainable, smart and convenient as well as cross-generational living. The development will feature a wide range of community facilities such as a sports centre that includes international-standard facilities for young athlete training, venues for a variety of new sports in Hong Kong and other leisure and recreational facilities. The project is designed to obtain Gold ratings from the WELL Community Standard™ and BEAM Plus.

Housing two transport interchanges, the project will be conveniently connected with public transport at the doorstep. With just about a four-minute drive from MTR Wu Kai Sha Station, the project will see its transport connectivity further enhanced after the completion of the Sai Sha Road widening works in the first half of 2024. Superstructure work of the first phase is progressing smoothly.

Fanling Sheung Shui Town Lot No. 279

(100% owned)

Site area	:	200,000 square feet
Gross floor area	:	999,000 square feet (residential) 132,000 square feet (retail)
Approximate number of units	:	2,100
Expected date of Certificate of Compliance/ Consent to Assign	:	after 2026

Adjacent to MTR Kwu Tung Station which is about to start construction, the development will comprise about one million square feet of residential gross floor area and around 132,000 square feet of retail space. The residential portion, spanning six high-rise towers, will provide about 2,100 flats. Focused on small- and medium-sized units, the project will feature innovative designs with intelligent technology to make homes more comfortable and functional for residents. The two-storey retail podium will provide diversified restaurants and lifestyle shops, catering to different needs of residents in the neighbourhood.

The development is set to become a focal point in the Northern Metropolis, with its comprehensive transport network and advantageous location. Apart from its adjacency to an MTR station and a public transport interchange being constructed underneath, the project's proximity to cross-border control points will provide its residents with superb convenience to travel to business hubs in Shenzhen and Hong Kong. In addition, the development is within a short distance to the planned future tech hubs, Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop and the proposed San Tin Technopole. Such geographic advantage will appeal to tech talent. Piling work of the development is expected to be completed by the end of 2023.

New Territories West

The YOHO Hub II/YOHO MIX
Yuen Long Town Lot No. 510

(Joint venture)

Site area	:	418,000 square feet (entire development)
Gross floor area	:	627,000 square feet (residential) 107,000 square feet (retail)
Approximate number of units	:	900
Expected date of Certificate of Compliance/ Consent to Assign	:	first half of 2024

Atop MTR Yuen Long Station, The YOHO Hub provides a total of about 2,000 units in six high-rise residential towers and 107,000 square feet of retail space. The first phase, comprising about 1,000 flats, has been handed over to buyers starting from the first half of 2023. The second phase will comprise more than 900 units in two residential towers, offering a diverse selection of layouts for homebuyers. To be the highest residential towers in Yuen Long Town Centre upon completion, high-floor units of this phase will command open views of Tai Lam Country Park to the south or Shenzhen Bay to the northwest. Residents will enjoy a wide range of amenities in two clubhouses, including two swimming pools and a jogging path. Construction work has been progressing smoothly.

The YOHO Hub, Yuen Long

Property Development

To further enhance residents' convenience within the well-established YOHO community, a network of all-weather footbridges will connect the MTR station and other developments in the neighbourhood. YOHO MIX, the 107,000-square-foot retail portion underneath the project, will be integrated into the existing one-million-square-foot YOHO Mall, adding more leisure, dining and entertainment choices for residents and shoppers. Please refer to page 51 for details of the shopping mall.

YOHO WEST (Tin Wing Station Development) Tin Shui Wai Town Lot No. 23

(Joint venture)

Site area	:	196,000 square feet
Gross floor area	:	980,000 square feet (residential) 2,000 square feet (retail)
Approximate number of units	:	1,900
Expected date of Certificate of Compliance/ Consent to Assign	:	from second half of 2024, in phases

Comprising a residential gross floor area of 980,000 square feet, the project will be developed into about 1,900 units of mainly small- and medium-sized apartments in three towers in phases. There are some 2,000 square feet of retail space to accommodate the daily needs of residents. Superstructure of the residential towers in the first phase, called YOHO WEST, has recently been topped out. This phase, providing about 1,400 units, will be launched soon.

Sitting atop the Light Rail Tin Wing Stop and directly connected to a public transport interchange through a footbridge under construction, the project will provide easy access to core districts in the city. The project also features a lush greenery environment, given its proximity to the 15-hectare Tin Shui Wai Park. Units on high floors can enjoy the bustling scenery of Shenzhen Bay and Nanshan in Shenzhen.

Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long

(100% owned)

Site area	:	107,000 square feet
Gross floor area	:	366,000 square feet (office) 490,000 square feet (retail)
Expected date of completion	:	after 2026

Located next to MTR Tin Shui Wai Station in Yuen Long, the site will be developed into an integrated project consisting of 366,000 square feet of quality office space and a 490,000-square-foot shopping centre. With the planned footbridges from the project to MTR Tin Shui Wai Station and a major residential area nearby, the integrated development is set to become a new commercial destination in the region upon completion and benefit from the development of Northern Metropolis. Foundation work is expected to be completed by late 2023.

YOHO WEST

NOVO LAND, Tuen Mun

NOVO LAND subsequent phases
Tuen Mun Town Lot No. 483
(100% owned)

Site area	: 482,000 square feet (entire development)
Gross floor area	: 1.6 million square feet (residential) 48,000 square feet (retail)
Approximate number of units	: 3,000
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2024, in phases

NOVO LAND is being developed in three phases with a total of about 4,600 units, comprising 14 residential towers of 22 to 31 storeys with a wide range of flat layouts from studio to four-bedroom units. Units at Phases 1A and 1B of the development were handed over to customers starting from June 2023, while Phases 2A and 2B have been launched for sale since February 2023, with encouraging sales responses. Construction work is advancing well with units of Phases 2A and 2B to be handed over to buyers in the first half of 2024.

As one of the largest private residential estates in Tuen Mun, NOVO LAND is the first residential project in Hong Kong to obtain three internationally recognized certifications for healthy buildings. The project has earned wide acclaim from customers for its smart and sustainable designs as well as wellness elements. Residents can also enjoy a full range of contactless experience by using the exclusive mobile app. Meanwhile, the project will provide a total recreational area of about 400,000 square feet, including a clubhouse and gardens equipped with over 80 facilities, such as water recreation features and fitness rooms.

The 48,000-square-foot premium retail space NOVO Walk is expected to be opened in mid-2024 and will offer some 40 shops with a diverse trade mix, including some popular culinary options, to the community. In addition, nearly 10 bus routes have begun operations, connecting the development to major business areas and the nearby MTR stations.

Tuen Mun Town Lot No. 496
(75.2% owned)

Attributable site area	: 179,000 square feet
Attributable gross floor area	: 465,000 square feet (residential)
Approximate attributable number of units	: 1,100
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2026, in phases

Located in So Kwun Wat, Tuen Mun, the project is surrounded by lush green hills and will be meticulously designed to provide a refreshing and peaceful environment to residents. Comprising about 619,000 square feet of residential gross floor area, the project will offer about 1,400 residential units with a diverse flat mix ranging from one-bedroom to four-bedroom units in six blocks. Most units are expected to enjoy mountain scenery or garden views, with selected units overlooking sea views. With its proximity to Tai Lam Country Park and Castle Peak Bay as well as a renowned international school nearby, the development will offer an escape from the hustle and bustle. Superstructure work of the first phase has begun.

Property Development

Projects under Development in Hong Kong by Year of Completion[1]

Location	Project Name	Group's Interest (%)
Scheduled for Completion in FY2023/24		
(1) Tuen Mun Town Lot No. 483 Phases 2A & 2B	NOVO LAND	100
(2) Tai Po Town Lot No. 244	Silicon Hill / University Hill	100
(3) Yuen Long Station Development Phase C	The YOHO Hub II / YOHO MIX	JV
(4) Tseung Kwan O Town Lot No. 131 Phase 1	MEGA IDC	73.5
(5) New Kowloon Inland Lot No. 6550	TOWNPLACE WEST KOWLOON	100
(6) 98 How Ming Street (Kwun Tong Inland Lot No. 240) Phase 2		71.1[3]
(7) Tuen Mun Town Lot No. 463 Phase 1	Grand Jeté Phase 1	59.1
Year Total:		
Scheduled for Completion in FY2024/25		
(8) New Kowloon Inland Lot No. 6568 Phase 1	Cullinan Sky	100
(9) Tin Wing Station Development Phase 1	YOHO WEST	JV
(10) Tuen Mun Town Lot No. 483 Phases 3A & 3B	NOVO LAND	100
(11) Tai Po Town Lot No. 253, Sai Sha Phase 1A		100
(12) Tuen Mun Town Lot No. 463 Phase 2	Grand Jeté Phase 2	59.1
Year Total:		
Scheduled for Completion in FY2025/26		
(13) High Speed Rail West Kowloon Terminus Development Phase 1[4]		JV[4]
(14) Tai Po Town Lot No. 253, Sai Sha Phases 1B & 2A		100
(15) New Kowloon Inland Lot No. 6551	Cullinan Harbour	100
(16) New Kowloon Inland Lot No. 6568 subsequent phase(s)	Cullinan Sky	100
(17) Tuen Mun Town Lot No. 496 Phase 1		75.2
Year Total:		
Major Projects Scheduled for Completion in FY2026/27 or Beyond		
(18) Tai Po Town Lot No. 253, Sai Sha subsequent phase(s)		100
(19) Kowloon Inland Lot No. 11273, Mong Kok[5]		100
(20) Fanling Sheung Shui Town Lot No. 279, Kwu Tung		100
(21) Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long		100
(22) Artist Square Towers Project, West Kowloon Cultural District[6]		100
(23) High Speed Rail West Kowloon Terminus Development Phase 2[4]		JV[4]
(24) Tseung Kwan O Town Lot No. 131 Phase 2	MEGA IDC	73.5
(25) The Remaining Portion of Yuen Long Town Lot No. 507 Phase 3		100
(26) Tin Wing Station Development subsequent phase(s)		JV
(27) Lot No. 2091 in DD 105, Shek Wu Wai, Yuen Long		54.5
(28) Tuen Mun Town Lot No. 496 subsequent phase(s)		75.2
(29) 13-23 Wang Wo Tsai Street, Tsuen Wan		100
(30) Lot No. 2579 in DD 92, Kwu Tung		100
(31) Lot No. 4805 in DD 104, Yuen Long		100
(32) Lot No. 1077 in Survey District No. 3, off Anderson Road, Kwun Tong		100
Others		
Total for Major Projects to be Completed in FY2026/27 or Beyond:		

(1) Information up to late August 2023; completion refers to the stage in which the project is ready for handover; excluding the gross floor area of Government Accommodation that will be handed over to relevant government departments upon completion of the project, unless otherwise specified
(2) Including a data centre
(3) Including 50% direct interest and an indirect interest of about 21.1% derived from the Group's holdings in Transport International Holdings (TIH)
(4) The Group currently has a 100% and 45% interest in the retail and office portions respectively
(5) Including the gross floor area of offices, retail portion and Government Accommodation; the development plan has yet to be finalized
(6) Under a Build-Operate-Transfer arrangement for a period of about 47 years

Attributable Gross Floor Area (square feet)					
Residential	**Shopping Centre/Shops**	**Office**	**Hotel**	**Industrial[2]**	**Total**
883,000	48,000	–	–	–	931,000
900,000	23,000	–	–	–	923,000
627,000	107,000	–	–	–	734,000
–	–	–	–	388,000	388,000
–	–	–	374,000	–	374,000
–	355,000	–	–	–	355,000
101,000	–	–	–	–	101,000
2,511,000	**533,000**	**–**	**374,000**	**388,000**	**3,806,000**
571,000	220,000	–	–	–	791,000
706,000	2,000	–	–	–	708,000
694,000	–	–	–	–	694,000
420,000	57,000	–	–	–	477,000
104,000	–	–	–	–	104,000
2,495,000	**279,000**	**–**	**–**	**–**	**2,774,000**
–	–	1,154,000	–	–	1,154,000
849,000	–	–	–	–	849,000
625,000	24,000	–	–	–	649,000
495,000	–	–	–	–	495,000
242,000	–	–	–	–	242,000
2,211,000	**24,000**	**1,154,000**	**–**	**–**	**3,389,000**
4,389,000	73,000	–	–	–	4,462,000
–	–	1,524,000[5]	–	–	1,524,000
999,000	132,000	–	–	–	1,131,000
–	490,000	366,000	–	–	856,000
–	27,000	672,000	–	–	699,000
–	603,000	–	–	–	603,000
–	–	–	–	504,000	504,000
452,000	29,000	–	–	–	481,000
278,000	–	–	–	–	278,000
265,000	–	–	–	–	265,000
223,000	–	–	–	–	223,000
168,000	–	–	–	–	168,000
162,000	–	–	–	–	162,000
139,000	–	–	–	–	139,000
–	110,000	–	–	–	110,000
–	–	–	–	125,000	125,000
7,075,000	**1,464,000**	**2,562,000**	**–**	**629,000**	**11,730,000**

Property Development

Major Properties under Development in Hong Kong[1]

Residential · Shopping Centre/Shops · Office · Industrial[2] · Hotel

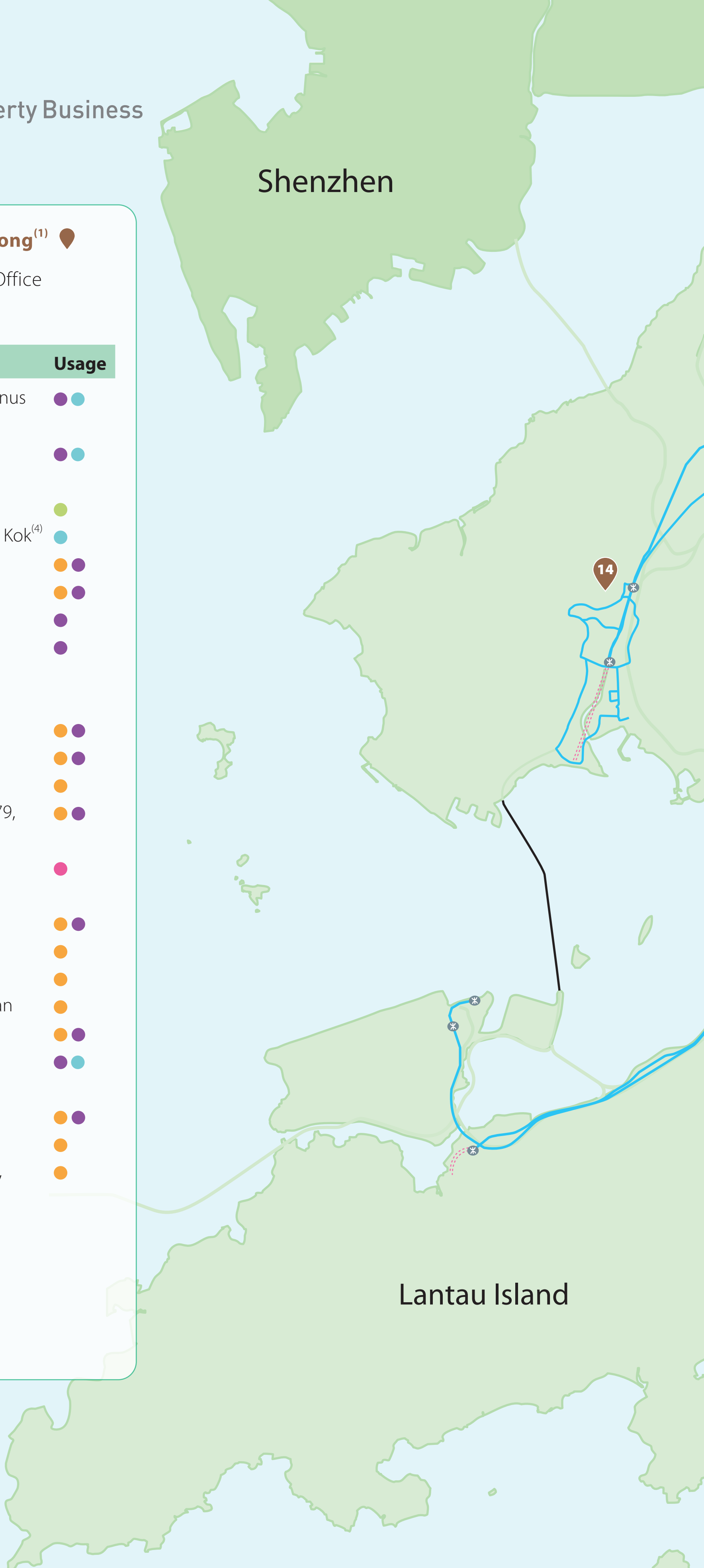
District		Project Name	Usage
Kowloon	1	High Speed Rail West Kowloon Terminus Development	Shopping Centre/Shops, Office
	2	Artist Square Towers Project, West Kowloon Cultural District[3]	Shopping Centre/Shops, Office
	3	TOWNPLACE WEST KOWLOON	Hotel
	4	Kowloon Inland Lot No. 11273, Mong Kok[4]	Office
	5	Cullinan Sky	Residential, Shopping Centre/Shops
	6	Cullinan Harbour	Residential, Shopping Centre/Shops
	7	98 How Ming Street	Shopping Centre/Shops
	8	Lot No. 1077 in Survey District No. 3, off Anderson Road, Kwun Tong	Shopping Centre/Shops
New Territories East	9	Silicon Hill / University Hill	Residential, Shopping Centre/Shops
	10	Tai Po Town Lot No. 253	Residential, Shopping Centre/Shops
	11	Lot No. 2579 in DD 92, Kwu Tung	Residential
	12	Fanling Sheung Shui Town Lot No. 279, Kwu Tung	Residential, Shopping Centre/Shops
	13	MEGA IDC	Industrial
New Territories West	14	NOVO LAND	Residential, Shopping Centre/Shops
	15	Tuen Mun Town Lot No. 496	Residential
	16	Grand Jeté	Residential
	17	13-23 Wang Wo Tsai Street, Tsuen Wan	Residential
	18	YOHO WEST	Residential, Shopping Centre/Shops
	19	Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long	Shopping Centre/Shops, Office
	20	The YOHO Hub II / YOHO MIX	Residential, Shopping Centre/Shops
	21	Lot No. 4805 in DD 104, Yuen Long	Residential
	22	Lot No. 2091 in DD 105, Shek Wu Wai, Yuen Long	Residential

MTR

Subsea Tunnel

MTR (potential future projects)

Major roads (under construction)

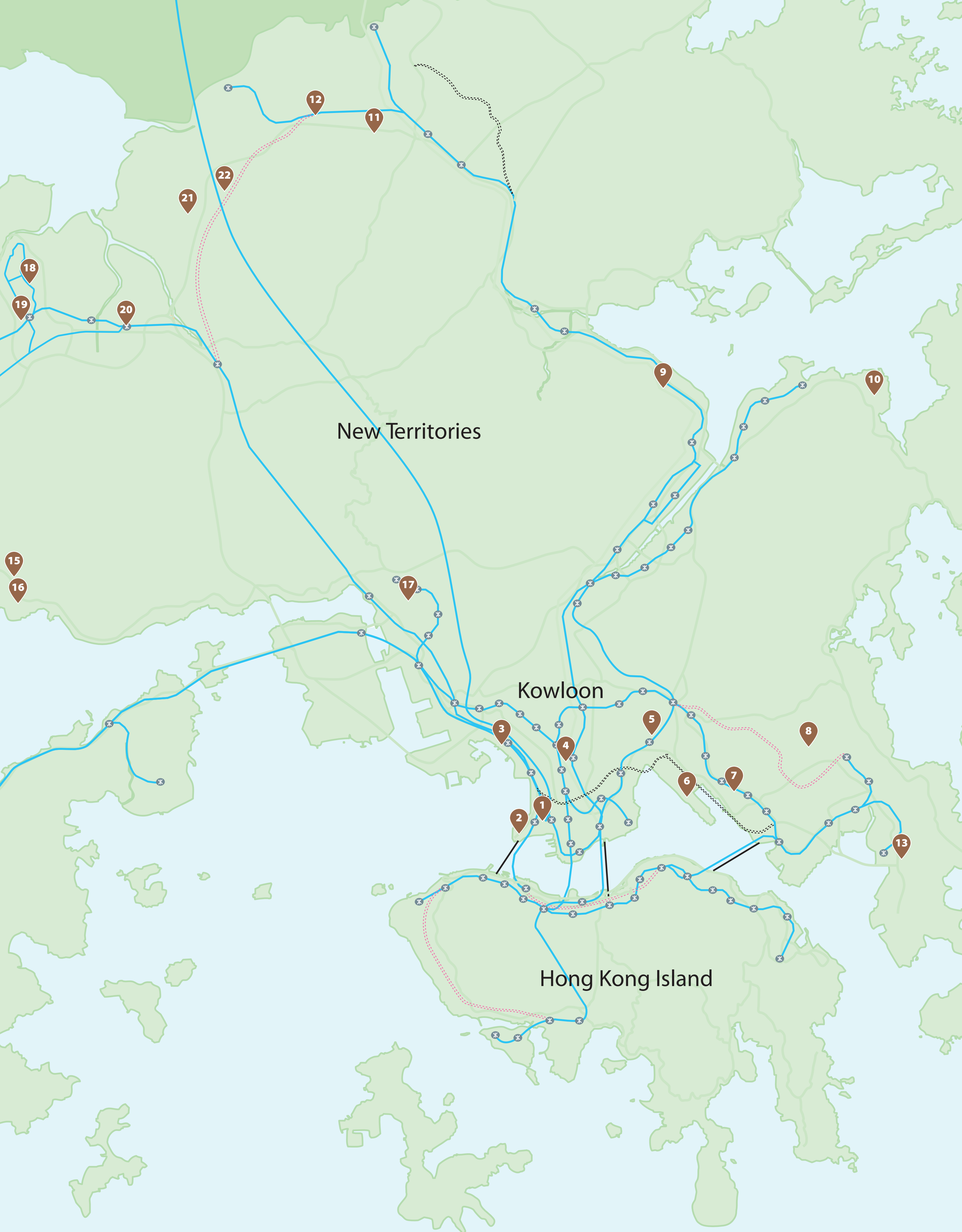


(1) Information up to late August 2023

(2) Including a data centre

(3) Under a Build-Operate-Transfer arrangement for a period of about 47 years

(4) The development may contain some retail area



New Territories
Kowloon
Hong Kong Island
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Hong Kong Property Business

Property Investment

The Millennity, Kowloon East

ICC, West Kowloon

Property Investment

APM, Kwun Tong

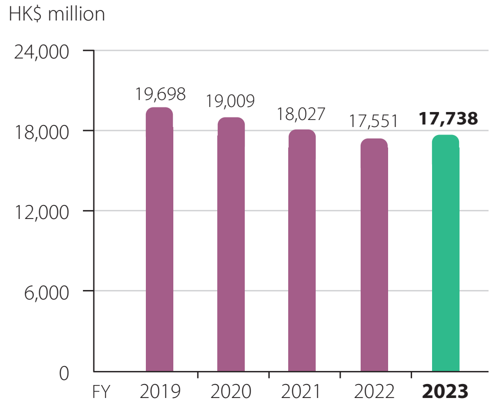
During the year under review, the Group's property investment portfolio in Hong Kong continued to generate relatively steady recurring income. Gross rental income, including contributions from joint ventures and associates, increased 1% year-on-year to HK$17,738 million. The overall average occupancy of the portfolio remained at about 93%.

Completed Properties

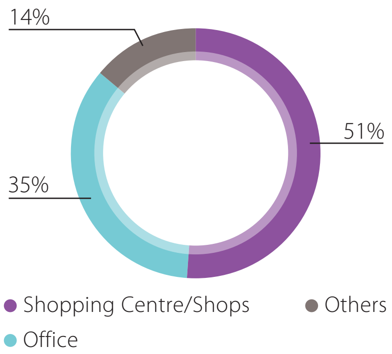
Shopping Centres

Hong Kong's retail leasing market showed improvement during the year under review, especially during the latter half. New rounds of electronic consumption vouchers and the removal of social-distancing measures rendered support to local consumption. The return of tourists following gradual relaxation of travel restrictions added further momentum to the city's economic revival. Since early 2023, trades including food-and-beverage and jewellery and watches registered notable recovery.

Gross Rental Income in Hong Kong[1]



Gross Rental Income in Hong Kong by Sector[1]



(1) Including contributions from associates and joint ventures

IFC Mall, Central

YOHO Mall, Yuen Long

The Group holds a diverse and quality retail portfolio of over 12 million square feet in Hong Kong. The Group's malls showed improvements in both footfall and tenant sales following the full border reopening in early 2023, with overall average occupancy staying at a satisfactory level of 95%. The Group's full-year gross rental income from the retail portfolio rose 2% year-on-year to HK$9,055 million during the year.

Adhering to its proactive leasing management strategy, the Group has placed great emphasis on customer and tenant engagements, enabling it to respond swiftly to market changes. In addition to launching timely promotions to capitalize on rising opportunities from the full border reopening, the Group has made considerable efforts to refine trade-and-tenant mix to meet changing customer needs, enriching leisure and shopping, as well as 'retailtainment' offerings. The Group has also organized interactive events and workshops and put up inviting decorations at its malls, attracting visitors to take insta-worthy photos and increasing footfall.

Leveraging The Point, a loyalty programme with a membership of over 2.3 million, the Group directly engages with a wide spectrum of customers who spend in its 25 major shopping malls. The Point has constantly upgraded its services through latest technologies and provided member-exclusive offers, which not only enhance members' shopping experience but

New Town Plaza, Sha Tin

Property Investment

V City, Tuen Mun

Tai Po Mega Mall, Tai Po

also boost their loyalty to the Group's malls. Members are also able to use bonus points to redeem an Electric Vehicle Super Charging service, another newly launched exclusive benefit following the contactless parking service.

Through establishing a close rapport and communication with tenants, the Group has been able to sharpen its market sense and generate a win-win situation. Collaborating closely with tenants, the Group has launched targeted and timely promotional campaigns to attract returning tourists. These included a debut cross-boundary spending reward scheme and the distribution of welcome packs and electronic coupons to tourists. Latest mall promotions and privileges are announced through popular social media to draw tourist shoppers.

In the first half of 2023, both traffic and tenant sales of the Group's malls in traditional tourist areas improved markedly, following a gradual return of leisure and business travellers. Situated in the heart of Central, IFC Mall is one of the few premium malls in the city assembling the world's most recognized brands and fine-dining establishments. This mall within the IFC complex is also connected to a ferry pier and the Airport Express Hong Kong Station, making it the perfect destination to shop and dine for both business and leisure travellers. Major events and festive activities taking place in the neighbouring Central Harbourfront also help drive its footfall.

Boasting an array of new luxury flagship stores and high-end brands, the refurbished wwwtc mall in Causeway Bay started opening in phases from early 2023. With a redesigned layout that provides more dining areas with breathtaking harbour views, the mall houses a wide range of trendy Asian restaurants to attract young shoppers.

MOKO in Mong Kok and The Sun Arcade in Tsim Sha Tsui also saw an increase in overseas and mainland visitors. Both malls registered growth in tenant sales in the first half of 2023. Following the commissioning of the East Rail Line Cross-Harbour Extension in mid-2022, MOKO has become an ideal gathering point with more visitors from Hong Kong Island.

The Group's malls close to the border crossings stepped up proactive market campaigns to attract returning tourists. Landmark North next to MTR Sheung Shui Station and V City atop MTR Tuen Mun Station distributed the malls' latest information and e-Coupons via popular social media and other online channels, and recorded marked increases in tenant sales following the full reopening of the border.

To tap into the local spending market, the Group continued to strengthen the positioning of its flagship regional malls. APM next to MTR Kwun Tong Station constantly reinforces its trendy positioning through the addition of young, lifestyle and confectionery offerings, many of which are newcomers to the district. Apart from rolling out innovative marketing initiatives which incorporate in-mall decorations and digital technology, the mall has resumed organizing music shows, fan meetings and movie nights as well as gala premieres to draw footfall. These, together with its easy connectivity to the MTR station and Millennium City offices, have strengthened APM's position as the focal point in Kowloon East.

Metroplaza, Kwai Fong

East Point City, Tseung Kwan O

During the year, New Town Plaza further reinforced its role as a matured 'retailtainment' destination in New Territories East. Following the opening of a 60,000-square-foot indoor entertainment zone Play Park in late September 2022, the mall will launch Dino Park, a 35,000-square-foot outdoor leisure and sports amusement facility suitable for people of all ages.

As the largest shopping and entertainment hub in northwest New Territories, YOHO Mall adjacent to MTR Yuen Long Station successfully attracted both young families in the vicinity and visitors from other districts with its interesting and creative cross-over marketing campaigns. The scale of YOHO Mall will be further expanded to about 1.1 million square feet upon completion of its extension in the first half of 2024.

The Group also continued to upgrade outdoor spaces of its regional malls to bring additional leisure and entertainment offerings. Tsuen Wan Plaza, for example, refurbished its outdoor space into a brand-new 30,000-square-foot Play Garden which blends play facilities for children, instagrammable spots and leisure areas during the year.

In view of changes in shoppers' spending habits, the Group keeps refining the tenant mix of its malls. Metroplaza next to MTR Kwai Fong Station brought in popular retailers and eateries which appeal to both teenagers and young families. The mall also invited a local artist to create themed colourful installation art at its podium under the theme of 'more hugs through artworks'. Tai Po Mega Mall in Tai Po has been further optimizing its tenant mix by phases in 2023. The first phase was completed in the first quarter of 2023, which offers additional parent-child and pet elements. During the year, East Point City in Tseung Kwan O diversified its offerings through recruiting young lifestyle brands and popular restaurants. Time-limited pop-up stores and festive markets also helped draw footfall and boost a feeling of freshness.

Offices

The office leasing market in Hong Kong remained soft during the year as global economic growth continued to slow down. Market sentiment has shown signs of improvement following the full reopening of the border in February 2023, resulting in an increasing number of leasing enquires and viewings. Yet, the conclusions of sizeable transactions remained limited. Against this challenging operating environment, the Group's office portfolio continued to deliver relatively resilient performance with the overall average occupancy staying at about 92% during the year.

Spreading across different core business areas in the city, the Group's diverse office portfolio of around 11 million square feet edged out its peers with its high building specifications, professional leasing and property management services, as well as its relentless efforts to enhance green feature elements in its

Property Investment

ICC, West Kowloon

developments. All these factors, along with the Group's long-standing relationship with tenants and tenant engagement, have earned the Group a reputable brand in the office leasing market.

With its strong commitment to ESG, the Group has made continuous efforts over the years to upgrade and enhance its existing properties for achieving a higher green building standard. In addition to its signature office landmarks, Sun Hung Kai Centre, which is over 40 years old, achieved LEED Platinum certification during the year, making it the longest-standing commercial building among Platinum awardees in Hong Kong. In addition to enhancing green features of its office premises, the Group continued to strengthen the competitiveness of its portfolio through the implementation of asset enhancement initiatives.

Given its prime location in the core of Central right above the Airport Express Hong Kong Station, IFC continued to offer one of the best office addresses in Hong Kong. Complemented by IFC Mall, Four Seasons Hotel Hong Kong and Four Seasons Place, IFC has successfully established an office landmark that has gained strong customer support, with a solid tenant base of both international and mainland financial institutions. During the year, the office towers were virtually fully leased.

Across Victoria Harbour in West Kowloon, ICC, sitting atop the Airport Express Kowloon Station, is the tallest green building in Hong Kong and has been widely acclaimed with its innovative technologies to optimize its operational performance, efficiency and sustainability. Capitalizing on its advantageous location, in particular the resumption of long-haul services of the Express Rail Link (Hong Kong Section), this office skyscraper is well-positioned to benefit from increased cross-border traffic and business opportunities arising from the evolution of the GBA. During the period, average occupancy at ICC stayed at a satisfactory level. Several renowned professional services and wealth management institutions have shown leasing interest. ICC is expected to synergize with the Group's two neighbouring projects in the pipeline – the High Speed Rail West Kowloon Terminus Development and the Artist Square Towers Project.

Covering a broad tenant base which ranges from financial service institutions, government and public bodies to SMEs, the Millennium City office cluster maintained a reasonable level of occupancy despite intense competition and ample supply in Kowloon East. Its high specifications of large floor plates, attentive management services and close proximity to MTR stations have always been key factors in attracting and retaining tenants. The scale and flexible leasing options also allow effective tenant reshuffling within the portfolio.

Synergizing with the Millennium City cluster, The Millennity, the office portion of the Group's integrated project at 98 How Ming Street in which the Group owns an effective interest of 71.1%, provides grade-A offices in two 20-storey towers of 650,000 square feet. As the Group's latest demonstration of sustainable development, the towers feature an integration of innovative technologies into construction and property management. The office space in the high zone also enjoys panoramic views of Victoria Harbour. Representing the first of its kind within the Group, the entire integrated project has already attained Platinum ratings for LEED, WELL and BEAM Plus pre-certifications. Tenants attracted by The Millennity included a government-related institution and well-known multinational corporations, some of which have already moved in. Tenants enjoy easy access to the public transportation network through its well-connected footbridges, including one linking to the adjacent Millennium City 6 and another one under planning which will allow tenants to access MTR Ngau Tau Kok Station in all weathers.

The Millennity, Kowloon East

IFC, Central

Situated in prime locations with good transportation networks, the Group's other premium offices across the territory, such as Grand Century Place in Mong Kok, Kowloon Commerce Centre (KCC) in Kwai Chung and Grand Central Plaza in Sha Tin, recorded satisfactory occupancies with stable and well-diversified tenants for the year.

Residential, Serviced Suites and Others

Signature Homes, the Group's luxury residential leasing arm, managed nearly one million square feet of residential units and about 1,000 serviced suites in attributable terms. The luxury residential leasing market has gradually improved in the recent past with the full border reopening and additional inflow of professionals through a variety of talent admission schemes. During the year, the leasing performance of the Group's residential units and serviced suites remained relatively stable with improved occupancies at the luxury serviced suites under Four Seasons Place in Central, The HarbourView Place in West Kowloon, and Vega Suites in Tseung Kwan O.

Property Investment

Vega Suites, Tseung Kwan O

TOWNPLACE WEST KOWLOON, West Kowloon

To capture the rebound in demand for both short-term and long-term accommodation, the Group integrated 300 rooms from The Holiday Inn Express Hong Kong Kowloon East atop the MTR Tseung Kwan O Station into Vega Suites, which is housed in the same complex. Together with its original 176 suites, Vega Suites now provides a total of 476 stylish and well-equipped units, with flexible rental terms to meet the needs of different customers, including business travellers and students from the university nearby. Being the only luxury serviced suites in Tseung Kwan O, Vega Suites will upgrade its rooms in phases, with new designs and advanced furnishings to offer a stylish and cosy living environment with hotel-standard services.

The Group's other property investments, including industrial buildings, godowns and car parking bays, continued to register stable recurring income during the year.

Properties under Development

The Group is developing a number of major properties for investment purpose. Their gradual completion will further strengthen the Group's recurrent income base.

TOWNPLACE WEST KOWLOON, a brand-new harbourfront project featuring the young premium living model, will become the largest development tailored for young professionals in Hong Kong when it commences business in the fourth quarter of 2023. With a total of 843 meticulously designed rooms in various flat mixes, the project will offer flexible leasing options and modern accommodation service on demand to fulfil young professionals' desire for a quality lifestyle. It is designated to create a community with a wide range of socializing activities as well as a one-stop shop for dining, entertainment and well-being. With its proximity to MTR Nam Cheong Station, guests of the project will enjoy easy access to the High Speed Rail West Kowloon Terminus and the Airport Express station.

Comprising about 2.6 million square feet of premium grade-A offices and some 603,000 square feet of retail space, the mega integrated development atop the High Speed Rail West Kowloon Terminus is one of the Group's most anticipated projects in the pipeline. The Group will own nearly 1.2 million square feet of office space along with the entire retail portion for long-term investment. The complex is poised to become a world-class sustainable development with superb building specifications, plenty of green and wellness elements, and high accessibility to West Kowloon Cultural District and neighbouring communities. Such advantages, coupled with the Group's experience in developing large-scale transport-oriented developments (TODs), have enabled the project to make its office space available to global financial institution UBS as the first anchor tenant.

The Group's portfolio in West Kowloon will be further expanded with the new addition of Artist Square Towers Project, which comprises three harbourfront commercial towers, offering about 672,000 square feet of grade-A offices and some 27,000 square feet of retail space. Upon completion, the project will help foster the development of the East-meets-West centre for international cultural exchange in Hong Kong. In addition, it is also set to create synergy with the completed ICC and the High Speed Rail West Kowloon Terminus Development under construction, creating a unique commercial hub which includes a total of 5.7 million square feet of premium grade-A office cluster. This office cluster, together with the Group's two luxury hotels and other retail space in the area, will enable West Kowloon to become a mature Cultural CBD, as well as a commercial, retail, arts, cultural, entertainment and transportation hub in Hong Kong and the GBA.

Riding on the Group's development experience in creating commercial hubs in prime business areas, the Group during the year acquired a site in Mong Kok which is planned to be developed into a comprehensive commercial complex of about 1.5 million square feet. For details, please refer to page 33. Upon its completion in 2030, this development will give Mong Kok a facelift and create greater synergy with the Grand Century Place complex.

The Group is developing a number of regional malls at convenient locations. The retail portion of the Yuen Long Station Development, namely YOHO MIX, an extension of YOHO Mall, will offer additional shopping and leisure options across some 107,000 square feet. Scheduled to open in the first half of 2024, YOHO MIX will connect to YOHO Mall, as well as the adjacent MTR station and public transport interchange. Upon the opening of YOHO MIX, YOHO Mall will become the largest shopping and entertainment destination in northwest New Territories.

The Group will have a shopping mall of 500,000 square feet beneath The Millennity, the newly completed office development in Kwun Tong. With a size comparable to the scale of APM, the 10-storey shopping mall with modern lifestyle positioning will offer trend-setting brands, experiential retail and specialty restaurants as well as ample parking spaces, meeting the demand from the enlarged working population in Kowloon East. The mall is scheduled to open in 2024.

Construction of the four-level retail podium of 220,000 square feet beneath the Group's premium residential development in Kai Tak City Centre is progressing smoothly. With choreographed design and positioning, the shopping mall will offer al fresco dining and a great variety of shopping options for millennials. Directly linked to MTR Kai Tak Station via its underground shopping street, the development is poised to inject vibrancy and diversity into this rapidly developing hub in Kai Tak upon its opening in 2025.

Looking ahead, the Group is developing a shopping centre near the soon-to-be-built MTR Kwu Tung Station and an office-cum-retail project adjacent to MTR Tin Shui Wai Station, contributing to the development of Northern Metropolis, which is expected to be a major driving force of the city's future economic development.

High Speed Rail West Kowloon Terminus Development *(Rendering)*

Property Investment

Major Completed Properties in Hong Kong

Project	Location
Hong Kong Island	
One IFC / Two IFC / IFC Mall / Four Seasons Hotel Hong Kong / Four Seasons Place	1 Harbour View Street / 8 Finance Street, Central
Sun Hung Kai Centre	30 Harbour Road, Wan Chai
Central Plaza	18 Harbour Road, Wan Chai
Harbour North / Hyatt Centric Victoria Harbour Hong Kong	123, 133 Java Road / 1 North Point Estate Lane, North Point
World Trade Centre / wwwtc mall	280 Gloucester Road, Causeway Bay
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road
Pacific View (Blocks 2 & 3)	38 Tai Tam Road
Chi Fu Landmark	Chi Fu Road, Pok Fu Lam
Kowloon	
ICC / Sky100 Hong Kong Observation Deck / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place	1 Austin Road West
Millennium City 1 (2)	388 Kwun Tong Road
Millennium City 2	378 Kwun Tong Road
Millennium City 5 / APM	418 Kwun Tong Road
Millennium City 6	392 Kwun Tong Road
The Millennity	98 How Ming Street, Kwun Tong
Grand Century Place / MOKO / Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok
V Walk	28 Sham Mong Road, West Kowloon
The Royal Garden	69 Mody Road, Tsim Sha Tsui
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan
APEC Plaza	49 Hoi Yuen Road, Kwun Tong
Mikiki	638 Prince Edward Road East, San Po Kong
The Sun Arcade	28 Canton Road, Tsim Sha Tsui
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan
Brill Plaza	82-84 To Kwa Wan Road
New Tech Plaza	34 Tai Yau Street, San Po Kong
26 Nathan Road	26 Nathan Road, Tsim Sha Tsui
New Territories	
New Town Plaza / New Town Tower / Royal Park Hotel	18 Shatin Centre Street / 2-8 Shatin Centre Street / 10-18 Pak Hok Ting Street / 8 Pak Hok Ting Street, Sha Tin
Grand Central Plaza / HomeSquare	138 Shatin Rural Committee Road, Sha Tin
Metroplaza	223 Hing Fong Road, Kwai Chung
YOHO Mall I	9 Yuen Lung Street / 9 Long Yat Road, Yuen Long
YOHO Mall II	8 Long Yat Road, Yuen Long
Crowne Plaza Hong Kong Kowloon East / Vega Suites	3 Tong Tak Street, Tseung Kwan O
PopCorn	9 Tong Yin Street, Tseung Kwan O
Tai Po Mega Mall	9 On Pong Road, Tai Po
Tsuen Wan Plaza	4-30 Tai Pa Street, Tsuen Wan
KCC	51 Kwai Cheong Road, Kwai Chung
Life@KCC	72-76 Kwai Cheong Road, Kwai Chung
Landmark North	39 Lung Sum Avenue, Sheung Shui
East Point City	8 Chung Wa Road, Tseung Kwan O
Citygate / Novotel Citygate Hong Kong / The Silveri Hong Kong - MGallery	20 Tat Tung Road / 51 Man Tung Road, Tung Chung
ALVA Hotel by Royal	1 Yuen Hong Street, Sha Tin
Royal View Hotel	353 Castle Peak Road, Ting Kau
V City	83 Tuen Mun Heung Sze Wui Road, Tuen Mun
PopWalk (Phases 1, 2 & 3) / Ocean PopWalk	12 Tong Chun Street / 19 Tong Yin Street / 19 Chi Shin Street / 28 Tong Chun Street, Tseung Kwan O
Park Central	9 Tong Tak Street, Tseung Kwan O
Grand City Plaza	1-17 Sai Lau Kok Road, Tsuen Wan

(1) Including industrial/office premises and godowns

(2) Including the attributable share in areas held by SUNeVision, in which the Group has a 73.5% interest

		Attributable Gross Floor Area (square feet)					
Lease Expiry	Group's Interest (%)	Residential	Shopping Centre/Shops	Office	Hotel	Industrial[1]	Total
2047	50	–	320,000	958,000	550,000	–	1,828,000
2127	100	–	53,000	851,000	–	–	904,000
2047	50	–	–	705,000	–	–	705,000
2062/2063	100	–	145,000	–	388,000	–	533,000
2842	100	–	267,000	243,000	–	–	510,000
2886	100	329,000	–	–	–	–	329,000
2047	100	248,000	–	–	–	–	248,000
2126	100	–	172,000	–	–	–	172,000
2047	100	–	29,000	2,495,000	1,023,000	–	3,547,000
2047	100	–	27,000	896,000	–	–	923,000
2047	50	–	–	133,000	–	–	133,000
2052	100	–	598,000	308,000	–	–	906,000
2047	100	–	32,000	370,000	–	–	402,000
2047	71.1	–	–	462,000	–	–	462,000
2047	100	–	725,000	475,000	400,000	–	1,600,000
2062	100	–	298,000	–	–	–	298,000
2127	100	–	–	–	295,000	–	295,000
2047	50	–	–	–	–	285,000	285,000
2047	100	–	–	–	–	240,000	240,000
2054	100	–	205,000	–	–	–	205,000
2047	100	–	205,000	–	–	–	205,000
2047	100	–	–	–	–	188,000	188,000
2099	100	–	–	–	–	183,000	183,000
2047	100	–	–	–	–	182,000	182,000
2039	100	–	53,000	124,000	–	–	177,000
2047	100	–	1,350,000	111,000	243,000	–	1,704,000
2047	100	–	349,000	413,000	–	–	762,000
2047	100	–	600,000	569,000	–	–	1,169,000
2054/2060	100	–	695,000	–	–	–	695,000
2047	87.5	–	245,000	–	–	–	245,000
2057	100	–	–	–	626,000	–	626,000
2057	50	–	108,000	–	–	–	108,000
2047	100	–	598,000	–	–	–	598,000
2047	100	–	583,000	–	–	–	583,000
2047	100	–	79,000	401,000	–	–	480,000
2047	100	–	100,000	–	–	–	100,000
2047	100	–	182,000	375,000	–	–	557,000
2047	100	–	415,000	–	–	–	415,000
2047/2063/2063	26.7	–	222,000	43,000	98,000	–	363,000
2047	100	–	–	–	344,000	–	344,000
2047	100	–	–	–	310,000	–	310,000
2056	100	–	269,000	–	–	–	269,000
2060/2061/2062/2062	100	–	242,000	–	–	–	242,000
2047	57.52/25	–	195,000	–	–	–	195,000
2047	100	–	35,000	137,000	–	–	172,000

Property Investment

Major Completed Properties in Hong Kong

Residential · Shopping Centre/Shops · Office · Industrial[1] · Hotel

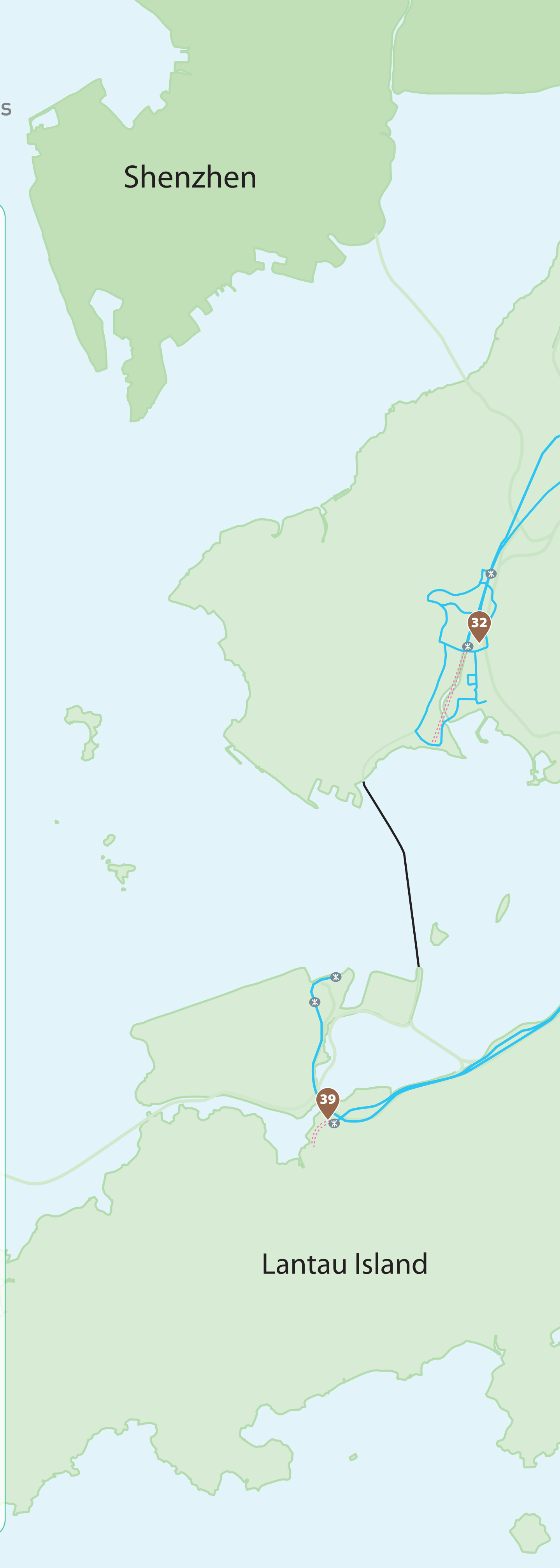
District		Project Name	Usage
Hong Kong Island	1	Chi Fu Landmark	Shopping Centre/Shops
	2	Dynasty Court	Residential
	3	Four Seasons Hotel Hong Kong / Four Seasons Place	Hotel
	4	IFC / IFC Mall	Shopping Centre/Shops, Office
	5	Central Plaza	Office
	6	Sun Hung Kai Centre	Shopping Centre/Shops, Office
	7	World Trade Centre / wwwtc mall	Shopping Centre/Shops, Office
	8	Harbour North / Hyatt Centric Victoria Harbour Hong Kong	Shopping Centre/Shops, Hotel
	9	Pacific View	Residential
Kowloon	10	ICC / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place / Sky100 Hong Kong Observation Deck	Shopping Centre/Shops, Office, Hotel
	11	The Sun Arcade	Shopping Centre/Shops
	12	26 Nathan Road	Shopping Centre/Shops, Office
	13	The Royal Garden	Hotel
	14	Peninsula Tower	Industrial
	15	Kerry Hung Kai Godown	Industrial
	16	V Walk	Shopping Centre/Shops
	17	Grand Century Place / MOKO / Royal Plaza Hotel	Shopping Centre/Shops, Office, Hotel
	18	Brill Plaza	Industrial
	19	Mikiki	Shopping Centre/Shops
	20	New Tech Plaza	Industrial
	21	Millennium City Phases 1, 2, 5 & 6 / The Millennity / APM	Shopping Centre/Shops, Office
	22	APEC Plaza	Industrial
New Territories East	23	Park Central	Shopping Centre/Shops
	24	PopWalk Phases 1, 2 & 3 / Ocean PopWalk	Shopping Centre/Shops
	25	PopCorn / Crowne Plaza Hong Kong Kowloon East / Vega Suites	Shopping Centre/Shops, Hotel
	26	East Point City	Shopping Centre/Shops
	27	Grand Central Plaza / HomeSquare	Shopping Centre/Shops, Office
	28	New Town Plaza / New Town Tower / Royal Park Hotel	Shopping Centre/Shops, Office, Hotel
	29	ALVA Hotel by Royal	Hotel
	30	Tai Po Mega Mall	Shopping Centre/Shops
	31	Landmark North	Shopping Centre/Shops, Office
New Territories West	32	V City	Shopping Centre/Shops
	33	YOHO Mall	Shopping Centre/Shops
	34	Royal View Hotel	Hotel
	35	Tsuen Wan Plaza	Shopping Centre/Shops
	36	Grand City Plaza	Shopping Centre/Shops, Office
	37	Metroplaza	Shopping Centre/Shops, Office
	38	KCC / Life@KCC	Shopping Centre/Shops, Office
	39	Citygate / Novotel Citygate Hong Kong / The Silveri Hong Kong – MGallery	Shopping Centre/Shops, Office, Hotel

MTR

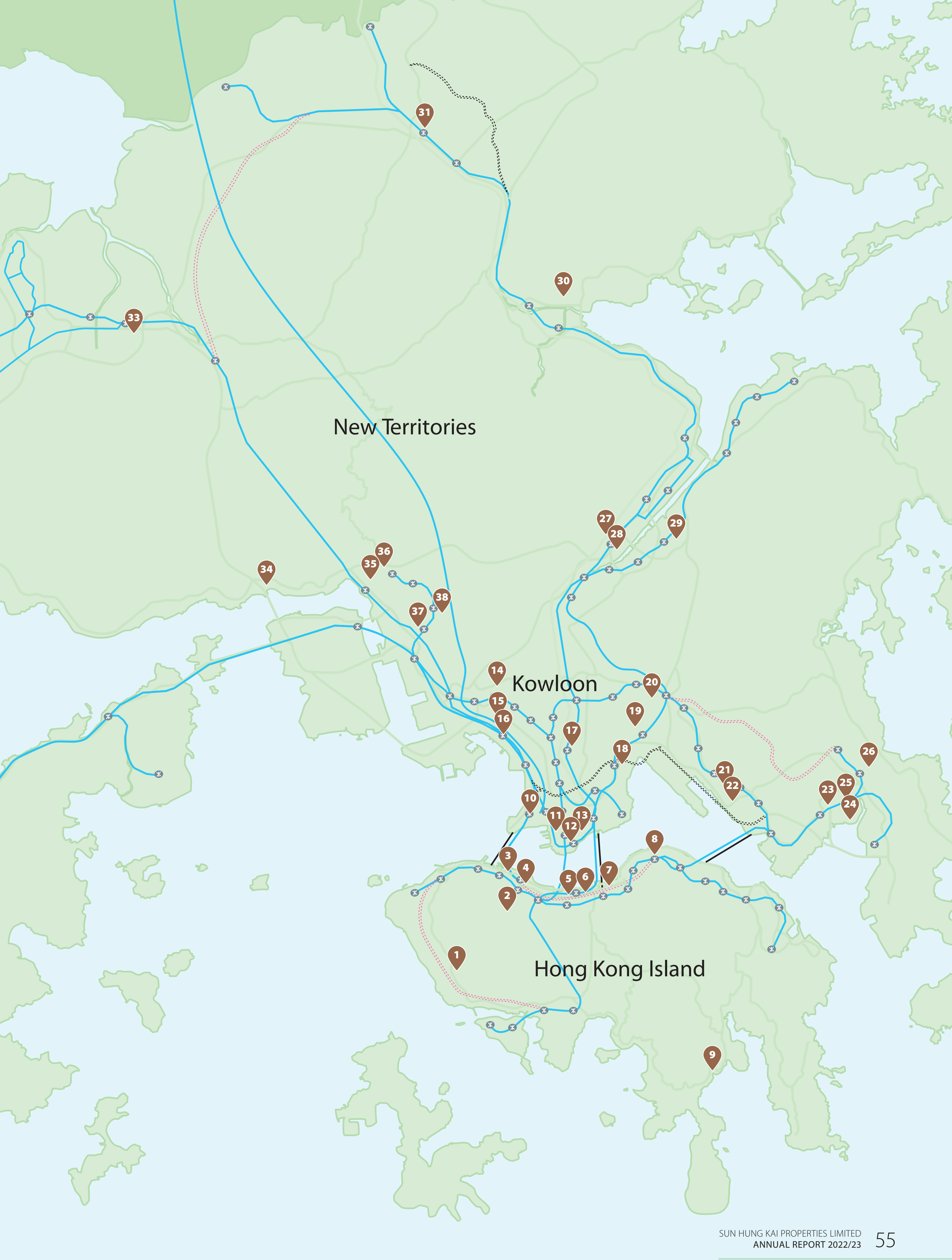
Subsea Tunnel

MTR (potential future projects)

Major roads (under construction)



(1) *Including industrial/office premises and godowns*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Mainland Property Business

Highlights

- **As at 30 June 2023, about 47.1 million square feet of properties in terms of attributable floor area were under development**
- **An attributable 5.9 million square feet of quality properties were completed during the year**
- **Attributable contracted sales of about RMB4,000 million were achieved**
- **A net rental income decline of 9% to RMB4,150 million was recorded from its rental portfolio on the mainland**
- **A highly selective investment strategy has been adopted, focusing on first-tier and leading second-tier cities**

Land Bank

As at 30 June 2023, the Group held a total land bank of approximately 67.5 million square feet in attributable terms, of which 47.1 million square feet were properties under development. Over 40% of properties under development were quality residences for sale.

The Group has been dedicated to developing green iconic integrated projects in Hong Kong and to expanding such efforts to the mainland market. In terms of attributable floor area, about 60% of the Group's properties under development on the mainland will be developed into large-scale mixed-use projects. Many of these projects are TODs or are built near the existing rail lines.

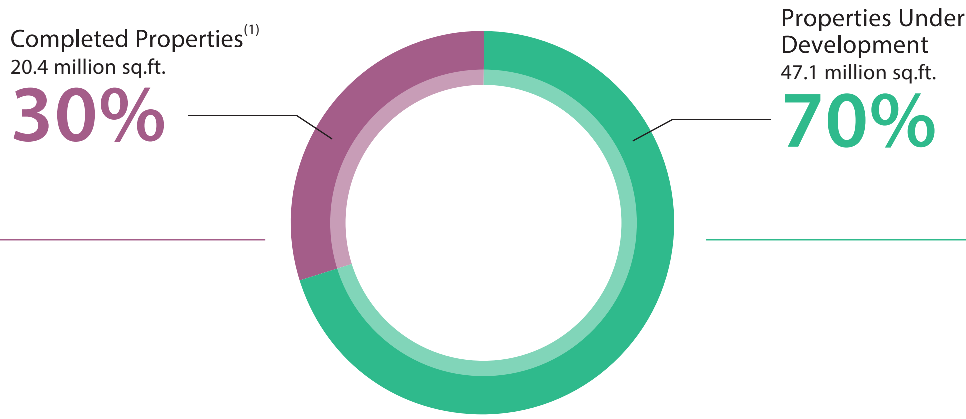
The remaining 20.4 million square feet were completed properties, mostly landmark integrated projects located in prominent business hubs of first-tier and leading second-tier cities. Such signature projects are held by the Group for rental and long-term investment purposes.

The Group remains positive about the medium- to long-term outlook of the mainland economy, and will adhere to its selective and focused investment strategy in first-tier and top second-tier cities.

As at 30 June 2023, the Group's land bank on the mainland by attributable gross floor area was as follows:

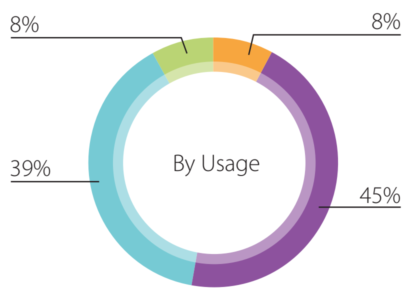
Mainland Land Bank Composition

(67.5 million square feet of attributable gross floor area as at 30 June 2023)

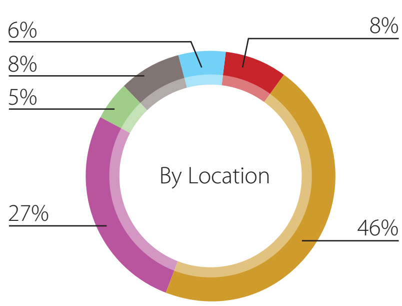


Completed Properties

	Attributable Gross Floor Area (million sq.ft.)
Residential	1.7
Shopping Centre/Shops	9.1
Office	8.0
Hotel	1.6

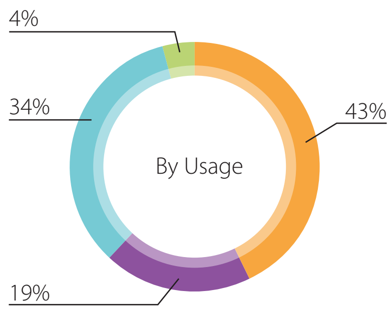


	Attributable Gross Floor Area (million sq.ft.)
Beijing	1.7
Shanghai	9.3
Other Yangtze River Delta Cities	5.6
Guangzhou	1.1
Other Greater Bay Area Cities[2]	1.6
Chengdu	1.1

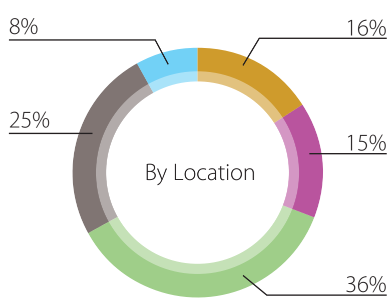


Properties Under Development

	Attributable Gross Floor Area (million sq.ft.)
Residential	20.3
Shopping Centre/Shops	9.1
Office	15.8
Hotel	1.9



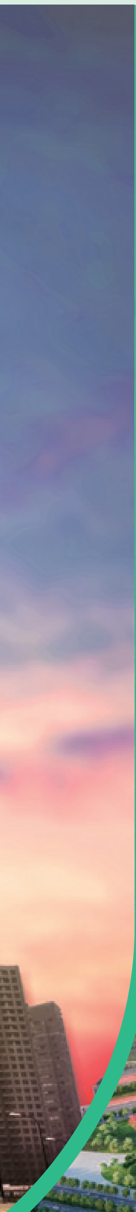
	Attributable Gross Floor Area (million sq.ft.)
Shanghai	7.3
Other Yangtze River Delta Cities	7.2
Guangzhou	17.0
Other Greater Bay Area Cities[2]	11.7
Chengdu	3.9



(1) An overwhelming majority are for rent/investment
(2) Excluding Hong Kong

Mainland Property Business
Property Development

ITC, Shanghai (Rendering)



Guangzhou South Station ICC, Guangzhou (Rendering)

Property Development

In early 2023, the residential markets in key mainland cities showed signs of recovery on the back of a favourable mortgage environment and city-specific support measures to encourage demand from end-users and upgraders. Transaction volumes rebounded in the first quarter of 2023, though market sentiment subdued subsequently.

During the year under review, the Group achieved attributable contracted sales of about RMB4,000 million. Major contributors included the first two phases of the residential portion of the joint-venture Hangzhou IFC project in Qianjiang New City CBD, Hangzhou, and several other joint-venture projects, including JOVOTOWN in Chengdu and Oriental Bund in Foshan.

The Group launched Phase 3 of the residential portion of Hangzhou IFC in August 2023 with good sales response. The Group will adhere to its customer-centric culture and continue to deliver premium green projects in key cities on the mainland, particularly those iconic integrated projects which are destined to ignite economic vitality of the communities.

Major Projects under Development

Shanghai & Yangtze River Delta

ITC
Xuhui, Shanghai
(100% owned)

ITC is a signature mixed-use development located in the heart of Xujiahui, one of the most prosperous business hubs in Shanghai. Consisting of a total gross floor area of 7.6 million square feet, the development comprises grade-A office buildings, upscale shopping malls and a five-star hotel. The project not only boasts an extensive transportation network with easy access to five metro lines, but also features a rich historical and cultural ambience. The integrated development is linked to an extensive footbridge network that connects various portions of the project and its surrounding buildings, further enhancing its accessibility and enlivening the entire neighbourhood.

The first two phases of the project were completed by 2018, providing premium office premises of 490,000 square feet and quality retail space of 380,000 square feet. The development of Three ITC, the most prominent component of the project, has

ITC, Shanghai

Shanghai Arch, Shanghai

TODTOWN, Shanghai

proceeded to an advanced stage. Offering some 1.1 million square feet of premium office space, Tower A of Three ITC, has been completed and handed over to tenants since August 2022. Tenants have been highly impressed by its thoughtful designs, efficient layouts, green features and outstanding management service. For the leasing performance of the completed portion of ITC, please refer to page 77.

The remaining portion of ITC now under construction includes Tower B of Three ITC, a 370-metre-tall office skyscraper, a 2.6-million-square-foot shopping mall and a boutique hotel, Andaz Shanghai ITC. Set to redefine the city's skyline in Puxi upon completion, Tower B of Three ITC's core was topped out in late 2022. Scheduled for full completion in financial year 2025/26, the entire project is expected to be a new focal point of Xujiahui. For further information, please refer to page 78.

Shanghai Arch
Pu Ming Road, Lujiazui, Shanghai
(100% owned)

Boasting some 1.7 million square feet of exquisitely designed residences, Shanghai Arch is situated adjacent to the Lujiazui Finance and Trade Zone in Shanghai. This prestige location bestows upon the residents there the dual advantages of appreciating breathtaking views of the Huangpu River, the Bund and the dynamic skyline of the city, as well as having the convenience of connecting to a well-organized transportation network.

Phases 1 and 2 consist of some retail space and over 500 units with a combined gross floor area exceeding 1.1 million square feet. Distinguished by their refined design, splendid views, comprehensive clubhouse amenities, and premium services, these units received encouraging sales response and were handed over to buyers by mid-2021.

Phase 3, covering a gross floor area of about 470,000 square feet, encompasses over 200 prestigious residential units spreading across four towers, and several detached houses. The Group is planning to launch the sale of the third phase in financial year 2023/24.

TODTOWN
Minhang, Shanghai
(35% owned)

Strategically located in the core of Xinzhuang business hub, a major gateway of Southwest Shanghai, TODTOWN is an integrated TOD built atop an interchange station for two existing metro lines and a planned railway line. The project provides over four million square feet of total gross floor area, comprising 1.9 million square feet of quality units, a 1.4-million-square-foot high-end shopping mall, 500,000 square feet of office space and a stylish Hyatt Centric hotel.

Complemented by an established business and living community in the vicinity, the project features a modern and sporty concept, offering a wide range of facilities such as landscaped-roof gardens, artistic parks, and jogging trails. The project is expected to be a community with plenty of green and lifestyle elements upon full completion.

Property Development

Hangzhou IFC, Hangzhou (Rendering)

The first phase of the project, comprising about 360 residential units with a total gross floor area of over 600,000 square feet, was virtually sold out and handed over to buyers in 2020. Having been topped out, Phase 2, comprising a gross floor area of over 800,000 square feet in two towers, is scheduled for completion in the first half of 2024. Units in this phase were launched and recorded satisfactory response. The remaining portions of the project are expected to be completed in phases over the next few years.

Hangzhou IFC
Qianjiang New City CBD, Hangzhou
(50% for River West; 45% for River East)

Set to redefine the skyline of the city, Hangzhou IFC is a mega joint-venture integrated development with about nine million square feet of total above-ground gross floor area located in the core waterfront area of Qianjiang New City CBD in Hangzhou. Enjoying a convenient urban and inter-city transportation network, the project is adjacent to stations of two existing metro lines and one metro line under construction. It is about a 15-minute-drive to the Hangzhou East Railway Station.

Comprising two riverside sites at the intersection of Qiantang River and Beijing-Hangzhou Grand Canal, the integrated project will become a city landmark with premium office, retail, residential, serviced apartments and hotel amenities. The two sites will be well-connected by exquisitely designed pedestrian bridges, affording a vibrant and natural environment. Offering magnificent river views and lush landscaping from a large-scale central park, this project will also present a perfect blend of green and smart technology in design and building solutions, echoing Hangzhou's transformation to a digital economy. The project is also expected to benefit from the effect of the Asian Games, which has enlivened the city and is an upside for the future economy.

Phases 1 and 2 of the project comprise nearly 300 quality residential units with a combined gross floor area of approximately 580,000 square feet. All units were sold out within a short period following its launch during the year. Phase 3, comprising about 350 upscale residential units spanning about 800,000 square feet of gross floor area, were launched in August 2023, receiving an overwhelming response with all units having been sold out. Superstructure work of these three phases has been progressing smoothly, and the units are expected to be handed over to buyers in 2025.

Suzhou Project
Yuanqu, Suzhou
(90% owned)

The project constitutes three primary developments, including Suzhou ICC, Lake Genève, and Four Seasons Hotel Suzhou, which span a combined gross floor area of approximately 3.5 million square feet.

With a total gross floor area nearing two million square feet, Suzhou ICC on the eastern bank of Jinji Lake is a versatile mixed-use development, encompassing one million square feet of premium office space, a 350,000-square-foot shopping mall, and approximately 380 exquisite residential units in a 300-metre-tall skyscraper offering panoramic views of Jinji Lake. Located within the commercial centre of Yuanqu CBD in Suzhou, the development offers convenient access to an express rail station and two metro stations. The opening of the Jinji Lake Tunnel linking the eastern and western banks of the lake in late 2022 has further bolstered the transportation network of the project.

Situated along Jinjihu Avenue on the southern shore of the lake, Lake Genève is a low-density waterfront residential project spanning about 930,000 square feet of gross floor area. The development offers its residents a tranquil and leisurely way of life without compromising benefits from convenient transportation, with the nearest metro station approximately a 10-minute walk away. Phase 1, encompassing a gross floor area of 500,000 square feet of detached houses, was virtually sold out and handed over to buyers before 2013. Phase 2A, providing 74 exclusive detached houses covering a gross floor area of 270,000 square feet, was also completed.

Adjacent to Lake Genève on the picturesque banks of Jinji Lake, Four Seasons Hotel Suzhou will offer some 200 exclusive suites and 11 villas. All accommodations are equipped with top-tier facilities and services, along with beautiful lake views. This urban resort hotel is slated to open in the fourth quarter of 2023. For more information, please refer to page 85.

Suzhou ICC, Suzhou

Property Development

Guangzhou South Station ICC, Guangzhou (Rendering)

Guangzhou & Other Greater Bay Area Cities [1]

Guangzhou South Station ICC
Panyu, Guangzhou
(100% owned)

Guangzhou South Station ICC is a TOD boasting seamless connections with Guangzhou South Railway Station, with up to 12 lines, including high-speed rails, inter-city and metro lines. Embracing the transportation convenience of 'one-hour living circle' in the GBA and synergy with the Group's portfolio in Hong Kong, particularly its High Speed Rail West Kowloon Terminus Development, the project is expected to become a new business, living and transportation hub in the GBA.

Scheduled for completion in phases starting from 2025, the project, covering a gross floor area of about 9.3 million square feet, is being developed into a large landmark with over four million square feet of office space, about three million square feet of upscale residential units and apartments, shopping malls of over one million square feet, and a hotel. A maximum 57% of the gross floor area can be offered for sale, with the rest to be held for rental and long-term investment purpose.

(1) Excluding Hong Kong

Named Forest Park, the residential development of the project is built along the river banks with expansive natural scenery. Those south-facing residential units will provide residents with a privileged lifestyle with access to various leisure amenities such as jogging paths, cycling trails, landscaped gardens and more. Consisting of some 180 residential units with a total gross floor area of about 200,000 square feet, Phase 1A of Forest Park was launched for sale in mid-2023, while Phase 1B, scheduled to go on the market in batches in financial year 2023/24, will comprise over 200 units with a gross floor area of about 280,000 square feet. Construction work for the two phases is under way with Phase 1A having been topped out.

Park Royale
Huadu, Guangzhou
(100% owned)

Spanning about eight million square feet of gross floor area, Park Royale is a quality residential project in Huadu, Guangzhou. Enjoying views of Hong Xiuquan Reservoir and Wangzi Mountain Forest Park, the development offers a tranquil living environment with comprehensive recreational and educational amenities. The project is conveniently located within a 20-minute drive to the Guangzhou North Station, a key transportation hub offering high-speed rail and a metro line. Phases 1 and 2, comprising a combined gross floor area exceeding four million square feet, were virtually sold out, and the units were handed over to buyers by mid-2020.

Park Royale, Guangzhou

Oriental Bund, Foshan

Phase 3A, covering a total gross floor area of more than 470,000 square feet, will provide about 500 quality residential units in three towers overlooking the lush greenery of the reservoir. Phase 3B is anticipated to offer over 900 units spreading across five towers, with a total gross floor area of around 900,000 square feet. Foundation work of this phase has been completed.

Qingsheng Project
Nansha, Guangzhou
(100% owned)

Qingsheng Project is a mixed-use transit-oriented development enjoying seamless connection to Qingsheng Station, an interchange station of the high-speed rail, an existing metro line, and a planned metro line in the Nansha Free Trade Zone of Guangzhou. Travelling from the project to West Kowloon Terminus in Hong Kong by high-speed rail takes less than an hour.

With favourable policies to attract talents and businesses under the GBA and China (Guangdong) Pilot Free Trade Zone initiatives, the project is expected to contribute to the development of Nansha as a critical transportation hub and a centre for scientific research and technological innovation in the GBA. Enjoying synergy with the nearby campus of a renowned Hong Kong university as well as primary and secondary schools with Hong Kong-based curricula, the project will become a focal point for the daily life and travel of the surrounding communities upon its completion.

Being developed in phases, the three-million-square-foot-plus project will provide quality office buildings and a modern shopping mall. The first phase will include a shopping mall of over 430,000 square feet in four storeys featuring an affluent outdoor greening and leisure area. Superstructure of the mall has been topped out.

Oriental Bund
Chancheng, Foshan
(50% owned)

The 30-million-square-foot Oriental Bund is a mega mixed-use development located in urban Foshan. Enjoying a convenient inter- and intra-city transportation network, the project is within the one-hour commuting radius of Guangzhou via the adjacent metro station of Guangfo line. The project provides its residents with sufficient retail spaces and diverse educational facilities. Over 9,200 units spanning across Phases 1 to 3, 4A and 4B, with a total gross floor area of about nine million square feet, were virtually sold out and delivered to buyers by 2021.

Providing a total gross floor area of over 1.2 million square feet, the 1,200-plus residential units at Phase 4C also received encouraging sales response. Phase 5, spanning a total gross floor area of over 2.1 million square feet with over 1,900 residential units spreading across 13 towers, were also virtually sold out. Phase 4C and Phase 5 were handed over to buyers in the year under review.

Property Development

The Woodland, Zhongshan

Phase 6 provides over 1,500 residential units with a total gross floor area of about 1.9 million square feet spreading across 14 towers, five of which have been launched onto the market. This phase is expected to be handed over to buyers in batches beginning in 2024.

The Woodland
Zhongshan 5 Road, Zhongshan
(Joint venture)

Defining a new standard of quality living in Zhongshan, the over-five-million-square-foot The Woodland is a benchmark residential development situated in the very heart of the city. The project benefits from the increasingly sophisticated intercity transportation network in the GBA, including the completed Hong Kong-Zhuhai-Macao Bridge and the Shenzhen-Zhongshan Bridge scheduled to open in 2024, which will greatly shorten the driving time from Zhongshan to Shenzhen to 20 minutes.

Spreading over a total gross floor area of about 4.7 million square feet, the first four phases and Phase 5A of the project were virtually sold out and delivered to buyers by the end of 2020. These units offer residents vibrant downtown living with comprehensive commercial and educational amenities nearby as well as carefully-crafted landscaped gardens.

Phase 5B of the project comprises some 580 units in five residential towers with a gross floor area of over 680,000 square feet, which are complemented by street shops. Three towers were launched in phases starting in June 2022 with positive sales responses, while sales campaigns for the remaining two towers are scheduled to kick off in financial year 2023/24. Phase 6, the last phase of the project, is currently under the planning stage and will provide low-density residential units.

Grand Waterfront, Dongguan

Grand Waterfront
Shilong, Dongguan
(100% owned)

The 4.5-million-square-foot Grand Waterfront is a waterfront residential development located in the centre of Shilong Town, Dongguan with panoramic views of Dongjiang and the Shahe River. Embracing its geographic advantages to provide residents with a verdant and energizing living style, the project consists of an 800-metre-long terraced promenade for jogging and an infinity swimming pool. The development also has convenient access to major transport networks in the GBA, with a 15-minute ride to Dongguan Station connecting high-speed rail and a metro line.

The first two phases, with a combined gross floor area of over 1.8 million square feet, were virtually sold out and delivered to buyers before 2018, winning many accolades for splendid views from spacious balconies and classic-styled landscaped gardens.

Commanding 270-degree river views, Phase 3 comprises over 1,100 residential units in six towers with a combined gross floor area of over one million square feet. Four towers were put on the market for sale with a positive response. Buyers highly praised the efficient layout and splendid river views when they took possession of their units in the second half of 2022.

JOVOTOWN, Chengdu

Other Cities

JOVOTOWN
Tianfu New Area, Chengdu
(91% owned)

JOVOTOWN is a quality residential project, strategically situated within Tianfu New Area, a national-level district dedicated to fostering modern manufacturing and high-end service industries. The community also has easy access to a plethora of facilities nearby, including an international convention centre and an ocean park.

The development hosts more than 4,000 units, collectively accounting for a total gross floor area of approximately 6.8 million square feet. This residential enclave is within a 10-minute walk to an interchange station of two existing metro lines, including a line to the airport.

Phases 1 and 2 were essentially sold out and handed over to buyers before 2017. These two phases, with a gross floor area of approximately 4.5 million square feet of residences, were praised for their high quality and diligent management services. Phase 3A, encompassing over 900 units across a gross floor area exceeding 1.3 million square feet, was launched in batches in 2022 and sold out quickly. Phase 3B, projected to offer over 500 units with a gross area of about 800,000 square feet, is currently under planning.

Chengdu ICC
Jinjiang, Chengdu
(40% owned)

Chengdu ICC is a large-scale integrated development, spanning a gross floor area of approximately 14 million square feet. This integrated development consists of over seven million square feet of residential accommodation, approximately two million square feet of retail space, four million square feet of office space, and a hotel, offering an amalgamation of work, retail, entertainment and leisure in the area. The development sits atop an interchange station of two existing metro lines and is conveniently located within a 10-minute drive from the Chengdu East Station, a key transportation hub catering to both inter-city and intra-city transit in the southwest region.

Totalling a combined gross floor area of about 3.3 million square feet of premium residential space, Phases 1 and 2 were virtually sold out and handed over by mid-2022. A trendy shopping mall at Phase 3, Chengdu ICD, covering approximately 1.4 million square feet, was opened in the first half of 2022.

Sitting atop the mall are two premium office towers boasting grand lobbies, lofty ceilings, high-tech facilities and practical office configurations. Offering close to one million square feet of office space, One ICC in Phase 4A was completed with tenants moving in during the third quarter of 2022. The other office tower, Two ICC in Phase 4B, is a 280-metre-tall skyscraper covering about 1.3 million square feet.

Chengdu ICC, Chengdu

Property Development

Projects under Development on the Mainland by Year of Completion

Project		Project Name	City
Scheduled for Completion in FY2023/24			
(1)	Minhang Project Phase 2	TODTOWN	Shanghai
(2)	Suzhou Project Phase 3A	Four Seasons Hotel Suzhou	Suzhou
(3)	Taihu New City Project Phase 8	Taihu International Community	Wuxi
(4)	Zhongshan 5 Road Project Phase 5B	The Woodland	Zhongshan
(5)	Chancheng Project Phase 6	Oriental Bund	Foshan
Year Total:			
Scheduled for Completion in FY2024/25			
(6)	Xujiahui Centre Project Phases 3B & 3C	ITC	Shanghai
(7)	Pu Ming Road Project Phase 3	Shanghai Arch	Shanghai
(8)	Minhang Project Phases 3 & 4	TODTOWN	Shanghai
(9)	Suzhou Project Phase 4	Suzhou ICC	Suzhou
(10)	Guangzhou South Railway Station Project Phase 1	Forest Park	Guangzhou
(11)	Shiling Project Phase 3A	Park Royale	Guangzhou
(12)	Dongda Avenue Project Phase 4B	Two ICC, Chengdu ICC	Chengdu
Year Total:			
Scheduled for Completion in FY2025/26			
(13)	Xujiahui Centre Project Phase 3D	ITC	Shanghai
(14)	Jianghehui Project (River East)[3]	Hangzhou IFC	Hangzhou
(15)	Suzhou Project Phases 5 & 6	Suzhou ICC	Suzhou
(16)	Zhongshan 5 Road Project Phase 6	The Woodland	Zhongshan
Year Total:			
Major Projects Scheduled for Completion in FY2026/27 or Beyond			
(17)	Minhang Project remaining phases	TODTOWN	Shanghai
(18)	Jianghehui Project (River West)[3]	Hangzhou IFC	Hangzhou
(19)	Suzhou Project remaining phases		Suzhou
(20)	Taihu New City Project remaining phase	Taihu International Community	Wuxi
(21)	Shiling Project remaining phases	Park Royale	Guangzhou
(22)	Guangzhou South Railway Station Project remaining phases[3]	Guangzhou South Station ICC	Guangzhou
(23)	Nansha Qingsheng Project[3]		Guangzhou
(24)	Chancheng Project remaining phases	Oriental Bund	Foshan
(25)	Shilong Project remaining phases	Grand Waterfront	Dongguan
(26)	Shuangliu District Project remaining phases	JOVOTOWN	Chengdu
(27)	Dongda Avenue Project remaining phases	Chengdu ICC	Chengdu
Others			
Total for Major Projects to be Completed in FY2026/27 or Beyond:			

(1) Gross floor area including basement retail area; residential area including serviced apartments

(2) The Group has a 50% interest in the project

(3) Breakdown of the gross floor area is subject to further amendment

	Group's Interest (%)	Attributable Gross Floor Area (square feet)[1] Residential	Shopping Centre/Shops	Office	Hotel	Total
	35	291,000	–	–	–	291,000
	90	–	–	–	294,000	294,000
	40	–	–	184,000	–	184,000
	JV[2]	345,000	36,000	–	–	381,000
	50	942,000	23,000	–	–	965,000
		1,578,000	**59,000**	**184,000**	**294,000**	**2,115,000**
	100	–	–	2,358,000	375,000	2,733,000
	100	466,000	–	–	–	466,000
	35	125,000	–	188,000	–	313,000
	90	533,000	–	–	–	533,000
	100	348,000	–	–	–	348,000
	100	477,000	–	–	–	477,000
	40	–	–	525,000	–	525,000
		1,949,000	**–**	**3,071,000**	**375,000**	**5,395,000**
	100	–	2,640,000	215,000	–	2,855,000
	45	620,000	564,000	2,289,000	144,000	3,617,000
	90	–	316,000	923,000	–	1,239,000
	JV[2]	24,000	–	–	–	24,000
		644,000	**3,520,000**	**3,427,000**	**144,000**	**7,735,000**
	35	30,000	502,000	–	75,000	607,000
	50	115,000	505,000	192,000	55,000	867,000
	90	145,000	–	–	192,000	337,000
	40	–	–	–	143,000	143,000
	100	3,945,000	4,000	–	–	3,949,000
	100	2,599,000	1,401,000	4,665,000	323,000	8,988,000
	100	–	861,000	2,401,000	–	3,262,000
	50	5,263,000	1,383,000	925,000	109,000	7,680,000
	100	1,507,000	–	–	–	1,507,000
	91	802,000	–	–	–	802,000
	40	1,789,000	143,000	589,000	147,000	2,668,000
		–	752,000	385,000	–	1,137,000
		16,195,000	**5,551,000**	**9,157,000**	**1,044,000**	**31,947,000**

Property Development

Major Mainland Projects

Residential · Shopping Centre/Shops · Office · Hotel

Major Completed Projects

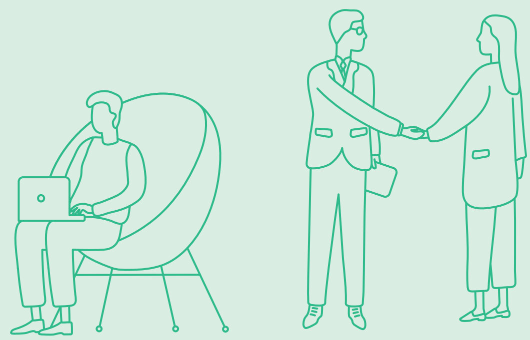
Major Projects under Development

City	No.		Project Name	Usage
Beijing	1	Major Completed Projects	Beijing APM	Shopping Centre/Shops, Office
	2	Major Completed Projects	New Town Plaza	Shopping Centre/Shops
Shanghai & Yangtze River Delta				
Shanghai	3	Major Completed Projects	Arcadia	Residential, Shopping Centre/Shops
	4	Major Completed Projects	Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	Shopping Centre/Shops, Office, Hotel
	5	Major Completed Projects	Shanghai ICC / IAPM	Shopping Centre/Shops, Office
	6	Major Completed Projects	Shanghai Central Plaza	Shopping Centre/Shops, Office
	7	Major Completed Projects	One ITC / Two ITC / Three ITC (Tower A)	Shopping Centre/Shops, Office
		Major Projects under Development	ITC	Shopping Centre/Shops, Office, Hotel
	8	Major Projects under Development	Shanghai Arch	Residential
	9	Major Projects under Development	TODTOWN	Residential, Shopping Centre/Shops, Office, Hotel
Hangzhou	10	Major Completed Projects	Hangzhou MIXC / Park Hyatt Hangzhou	Shopping Centre/Shops, Office, Hotel
	11	Major Projects under Development	Hangzhou IFC	Residential, Shopping Centre/Shops, Office, Hotel
Nanjing	12	Major Completed Projects	Nanjing One IFC / Nanjing Two IFC / Nanjing IFC Mall / Andaz Nanjing Hexi	Shopping Centre/Shops, Office, Hotel
Suzhou	13	Major Projects under Development	Suzhou ICC	Residential, Shopping Centre/Shops, Office
	14	Major Projects under Development	Lake Genève / Four Seasons Hotel Suzhou	Residential, Hotel
Wuxi	15	Major Completed Projects	Wuxi MIXC	Shopping Centre/Shops
		Major Projects under Development	Taihu International Community	Office, Hotel
Guangzhou & Other Greater Bay Area Cities(1)				
Guangzhou	16	Major Completed Projects	Parc Central	Shopping Centre/Shops
	17	Major Completed Projects	IGC / Conrad Guangzhou	Shopping Centre/Shops, Hotel
	18	Major Projects under Development	Park Royale	Residential, Shopping Centre/Shops
	19	Major Projects under Development	Guangzhou South Station ICC	Residential, Shopping Centre/Shops, Office, Hotel
	20	Major Projects under Development	Nansha Qingsheng Project	Shopping Centre/Shops, Office
Foshan	21	Major Completed Projects	Nanhai Plaza	Shopping Centre/Shops
	22	Major Projects under Development	Oriental Bund	Residential, Shopping Centre/Shops, Office, Hotel
Dongguan	23	Major Projects under Development	Grand Waterfront	Residential
Zhongshan	24	Major Projects under Development	The Woodland	Residential, Shopping Centre/Shops
Other Cities				
Chengdu	25	Major Completed Projects	Chengdu ICD / One ICC	Shopping Centre/Shops, Office
		Major Projects under Development	Chengdu ICC	Residential, Shopping Centre/Shops, Office, Hotel
	26	Major Projects under Development	JOVOTOWN	Residential

(1) *Excluding Hong Kong*


Beijing
1
2
Inner Ring Road
4
6
8
5
3
7
Shanghai
Huangpu River
9
Nanjing
12
Wuxi
15
13
Suzhou
14
Shanghai
11
10
Hangzhou
Chengdu
25
26
Guangzhou
18
16
Guangzhou
23
21
17
Dongguan
22
Foshan
19
20
Shenzhen
Zhongshan
24
Hong Kong
Sketch map of coastline

Mainland Property Business
Property Investment



Shanghai IFC, Shanghai

Nanjing IFC, Nanjing

Property Investment

Shanghai IFC Mall, Shanghai

The Group's completed properties for investment on the mainland comprise mainly large-scale integrated projects at strategic locations in major cities. Including contributions from joint ventures and associates, gross rental income declined 4% to RMB5,215 million and net rental income dropped 9% to RMB4,150 million during the year. While the lingering impact of COVID in the first half of the financial year led to a mild decline in full-year rental income, the leasing markets have shown signs of improvement since early 2023.

IAPM, Shanghai

Completed Properties

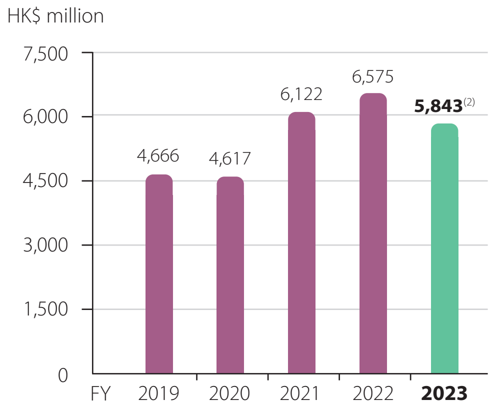
Shopping Centres

The Group's retail portfolio consists of nearly nine million square feet in attributable terms, a majority of which are premium shopping malls across key mainland cities. While containment measures continued to weigh on the portfolio's performance during the first half of the year under review, there have been gradual recoveries in both traffic and tenant sales since the beginning of 2023. With their high-end market positioning, premium customer services and creative marketing activities, the Group's major malls were able to capitalize on the gradual recovery of domestic spending on the mainland. This portfolio maintained satisfactory overall occupancy during the year despite the continued challenging markets.

Spanning 1.2 million square feet of retail space and housing an extensive array of over 260 world-renowned brands, Shanghai IFC Mall in Pudong, Shanghai is one of the most sought-after shopping destinations in Shanghai. The mall continued to strengthen its distinctive luxury positioning during the year with the addition of famous flagship stores and popular cosmetic brands. Through its VIC programme, the Group has provided important customers with an exclusive and customized shopping experience. A wide selection of the world's finest culinary delights and entertainment options also make the mall a popular gathering hub for the city's elite. Its occupancy stayed

One ITC, Shanghai

Gross Rental Income on the Mainland[1]

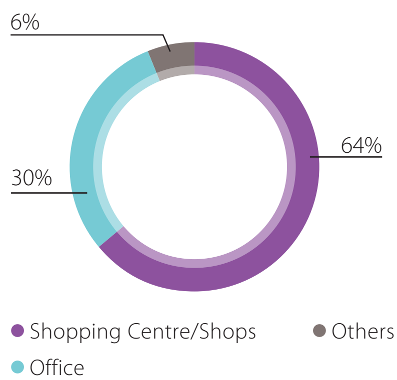


at a high level during the year. Please refer to pages 76 and 77 for more details of Shanghai IFC offices.

As part of the Shanghai ICC complex in Puxi, Shanghai, IAPM has continued to bolster its trend-setting position through the introduction of concept stores with creative designs, as well as additional pop-ups of trendy brands and popular restaurants. The large-scale shopping mall offers a broad range of gourmet selections catering to different styles and tastes, including Black Pearl restaurants, meeting varied customer preferences. In addition to digital marketing campaigns, the mall joins forces with tenants to arrange thematic outdoor events to cater for growing demand for leisure and fitness options, particularly among millennials and Generation Z. IAPM not only attracts trendy shoppers and families but also serves the daily needs of office tenants. Its occupancy remained at a high level. Please refer to page 77 for more details of the office towers of Shanghai ICC.

One ITC, the mall in the first phase of the ITC project in Shanghai, assembles an array of international luxury brands under 338,000 square feet of retail space. During the year, the mall further elevated its attractiveness with an enriched tenant mix and additional mall activities, including the introduction of popular retailers of fashion and accessories. In addition, thematic marketing events were hosted in the outdoor landscape area to allow greater social interaction and relaxation. With frequent visits and live broadcasting by well-known KOLs, the mall has become one of the most popular check-in venues for high-spending millennials. Upon the opening of the flagship ITC Maison mall in Three ITC from 2025 onwards, shoppers will be able to conveniently commute around different phases via a

Gross Rental Income on the Mainland by Sector[1]



(1) Including contributions from associates and joint ventures

(2) Gross rental income in terms of RMB amounted to RMB5,215 million

IGC, Guangzhou

Property Investment

Beijing APM, Beijing

Parc Central, Guangzhou

set of carefully planned footbridges. Further information of the remaining phases of ITC are detailed on page 78 and details of ITC offices are on page 77.

In Hexi, Nanjing, Nanjing IFC Mall, will offer a broad range of luxury brands and authentic restaurants across nine levels once it is fully open in late 2023. It is set to attract visitors opting for an unconventional shopping experience and modern lifestyle in the city. The mall will feature world-class culinary selections ranging from cafes to Black Pearl and Michelin-rated restaurants, some of which are new to Nanjing. The first phase is already open, comprising restaurants and cafes located on the upper zone. Internal finishing work for the remaining portion has progressed to its final stage, following the completion of facade upgrade. The handover of shops to tenants has gradually commenced. Please refer to page 77 for more details of Nanjing IFC offices.

Beijing APM, the Group's integrated project in the capital city, includes a premium mall of about one million square feet. The mall houses over 240 stores, featuring a number of flagship stores of renowned international retailers, some of which are exclusive to the city. Beijing APM mall continued to strengthen its trendy positioning during the year through the introduction of new sports and luxury brands. In order to better serve both business customers and shoppers, the mall has refined its food-and-beverage mix to include more popular fine dining restaurants. Please refer to page 77 for more details of Beijing APM offices.

During the year, Parc Central and IGC, the Group's joint-venture shopping malls in Guangzhou, continued to achieve high occupancies. Parc Central's specially designed sunken garden landscape aims to provide customers with an exceptional retail, leisure and dining experience in a green and relaxing environment. Pop-up stores and thematic marketing campaigns in its outdoor spaces have always been an attraction for retailers and young people in town. Situated in the core of Tianhe District, the mall has a new exit to the nearby metro station, offering customers an all-weather shopping experience. IGC is the retail component of Tianhui Plaza in Zhujiang New Town, boasting some of the most upscale retailers and restaurants in Guangzhou. The mall redesigned its layout and increased offerings during the year with the introduction of more shops targeting young families. Thematic installations during festive seasons also helped attract crowds to both malls.

Offices

Spreading over some eight million square feet of floor area, the Group's premium office portfolio on the mainland has earned a reputation for its high specifications, efficient layout and easy accessibility, complemented by professional property management services and comprehensive supporting amenities. While fierce competition amid ample supply has posed challenges to the office leasing market, the Group's portfolio continued to achieve a reasonable level of occupancy during the year.

Representing the Group's iconic project in Shanghai, the twin-tower Shanghai IFC office development in the heart of Luijiazui of Pudong is home to many reputable financial institutions and multinationals. Apart from highly rated office quality and excellent transport networks, complementary amenities within the integrated development from Shanghai IFC Mall, The Ritz-

Carlton Shanghai, Pudong and the IFC Residence serviced suites have also helped Shanghai IFC offices attract and retain tenants. Occupancy of Shanghai IFC offices remained high during the year. Please refer to pages 74 and 75 for more details of Shanghai IFC Mall.

Shanghai ICC is the Group's comprehensive integrated development in the Puxi commercial core, comprising two high-rise premium office towers, the IAPM upscale shopping mall and Shanghai Cullinan luxury residences. With a prime location and an excellent transport network, Shanghai ICC office towers continue to attract renowned multinationals and domestic corporations from various industries. During the year, the office towers recorded satisfactory occupancy. Please refer to page 75 for more details of IAPM.

Spanning over one million square feet, the 220-metre-tall Tower A of Three ITC is the latest addition to the ITC office series in Shanghai which features high-class finishes. While the first two phases of ITC office towers are virtually fully let, Tower A of Three ITC is steadily ramping up with tenants. Both towers of Three ITC have attained LEED Platinum and WELL Platinum pre-certification. Please refer to page 75 for details of ITC's retail portion and page 78 for the remaining phase of the project.

Located at Hexi CBD in Nanjing, the two office towers of Nanjing IFC completed in 2019 and 2020 respectively boast a total gross floor area of two million square feet. In addition to its convenient access to the metro station, efficient floor plates and top-quality finishes also boost the competitiveness of these two office towers. Meanwhile, office tenants will be able to enjoy the complementary services offered by Nanjing IFC Mall and Andaz Nanjing Hexi hotel within the complex. With the recent opening of various popular restaurants on the upper zone of Nanjing IFC Mall, convenient and delicious dining choices are available to workers in a few steps. While Nanjing One IFC maintained stable occupancy during the year, it may take time for occupancy of Nanjing Two IFC to ramp up amid the challenging leasing market. Please refer to page 76 for more details of Nanjing IFC Mall.

The Group continues to foster sustainable development in its portfolio on the mainland. In Beijing, Beijing APM Office Tower received LEED Gold certification during the year. The building applies energy-saving measures wherever practicable. With an environmentally friendly office space that meets international standards, Beijing APM Office Tower appeals to eco-conscious corporations. Please refer to page 76 for more details of Beijing APM mall.

Tower A of Three ITC, Shanghai

Shanghai ICC, Shanghai

Property Investment

Major Completed Property Investment on the Mainland

Project	Location	Lease Expiry	Group's Interest (%)
Beijing			
Beijing APM / Beijing APM Office Tower	138 Wangfujing Dajie, Beijing	2044	100
New Town Plaza	Building 18, Fangguyuan Zone 1, Fangzhuang, Beijing	2033	100
Shanghai & Yangtze River Delta			
Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	8 Century Avenue, Lujiazui, Shanghai	2055	100
Shanghai ICC / IAPM	999 Middle Huaihai Road, Shanghai	2056	100
One ITC	1901 Huashan Road, Shanghai	2054/2064	100
Two ITC	160 Gongcheng Road, Shanghai	2054/2064	100
Three ITC (Tower A)	183 Hongqiao Road, Shanghai	2054/2064	100
Shanghai Central Plaza	381 Middle Huaihai Road, Shanghai	2044	80
Arcadia	88 Guang Yuan Xi Road, Shanghai	2064	100
Nanjing One IFC / Nanjing Two IFC / Nanjing IFC Mall / Andaz Nanjing Hexi	347 Jiangdong Middle Road / 111 Hexi Street / 345 Jiangdong Middle Road / 108 Bailongjiang East Street, Jianye, Nanjing	2048	100
Hangzhou MIXC / Park Hyatt Hangzhou	Qianjiang New City, Hangzhou	2046/2049/2056	40
Wuxi MIXC	Taihu New City, Wuxi	2046	40
Guangzhou & Other Greater Bay Area Cities[1]			
Parc Central	218 Tianhe Road, Guangzhou	2050	50
IGC / Conrad Guangzhou	222 Xingmin Road, Guangzhou	2051	33.3
Nanhai Plaza	Nanhai Avenue, Foshan	2045	100
Chengdu			
One ICC / Chengdu ICD	577 Dongda Road, Jinjiang District, Chengdu	2048	40

(1) Excluding Hong Kong

Properties under Development

The Group has full confidence in the continued growth and long-term prospects of the mainland. Upholding its established strategy of taking a focused and selective approach to investing on the mainland, the Group will continue to develop large-scale and sustainable integrated complexes in strategic locations in major cities. The gradual completion of these projects will add impetus to the Group's recurrent income growth over the medium-to-long term.

The Group's footprint in Shanghai will be further strengthened upon the full completion of Three ITC in financial year 2025/26. Apart from the completed Tower A office, Three ITC will comprise the 370-metre-tall Tower B office, the flagship ITC Maison mall and the Andaz Shanghai ITC hotel. Construction is progressing smoothly as planned with the core superstructure of Tower B having been topped out. Representing one of the tallest buildings in Puxi, Tower B is built according to world-class specifications. Both office skyscrapers at Three ITC have attained LEED Platinum and WELL Platinum pre-certification. Upon completion of Tower B in late 2024, ITC is set to become an upscale office cluster in Xujiahui that provides premium workspace with green building specifications of the highest international standards. The 2.6-million-square-foot ITC Maison is scheduled to open in phases from 2025 onwards. The entire ITC complex, representing a showcase of environmentally friendly construction and design, will offer a combination of leisure attractions and modern workspace of a sustainable nature for shoppers and workers.

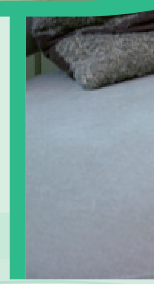
Attributable Gross Floor Area (square feet)				
Residential	Shopping Centre/Shops	Office	Hotel	Total
–	1,036,000	458,000	–	1,494,000
–	225,000	–	–	225,000
–	1,220,000	1,572,000	940,000	3,732,000
–	1,307,000	1,296,000	–	2,603,000
–	338,000	170,000	–	508,000
–	43,000	321,000	–	364,000
–	–	1,127,000	–	1,127,000
–	106,000	366,000	–	472,000
304,000	27,000	–	–	331,000
–	1,085,000	1,999,000	360,000	3,444,000
–	744,000	205,000	176,000	1,125,000
–	631,000	–	–	631,000
–	431,000	–	–	431,000
–	332,000	–	149,000	481,000
–	640,000	–	–	640,000
–	549,000	396,000	–	945,000

Hangzhou IFC, a joint-venture project located in Qianjiang New City CBD in Hangzhou, will be another landmark integrated development with a total above-ground gross floor area of about nine million square feet. About 50% of the project can be used for sale and the rest will be retained for long-term rental purposes. The project is designed with the aim of creating a smart and green community applying multifaceted innovative technologies. A blueprint for realizing the development concept has been finalized. The Group aims to obtain LEED and WELL Platinum certifications for the office space to be kept for long-term rental purpose. Upon full completion, this distinctive landmark project served by two metro lines will become a harmonized and sustainable community supported by all-round amenities and convenient transportation.

The Guangzhou South Station ICC development is the latest addition to the Group's portfolio in the GBA. Seamlessly connected to Guangzhou South Railway Station with 12 rail lines including high-speed rails, this project boasts a total gross floor area of 9.3 million square feet, of which over 50% can be offered for sale and the rest will be held for long-term investment. This landmark project is well-positioned to capture the growing opportunities arising from the region's rapid developments, driven by favourable Central Government policy initiatives. Linked by a high-speed rail, this project and the Group's West Kowloon commercial cluster in Hong Kong will demonstrate significant synergies to serve the growing business needs of the GBA.

Property Related Businesses

Comprehensive introduction of innovative technology applications



The property management team provides outstanding and attentive service to residents

Property Related Businesses

Four Seasons Hotel Hong Kong

Hotels

Hong Kong's hotel industry saw a recovery during the year as the city resumed normal travel with different parts of the world, resulting in improvements in occupancies and room rates of the Group's hotel portfolio. Room rates of luxury hotels, including Four Seasons Hotel Hong Kong, The Ritz-Carlton, Hong Kong and W Hong Kong, have returned to pre-pandemic levels on the back of an increase in travellers. Hyatt Centric Victoria Harbour Hong Kong and Crowne Plaza Hong Kong Kowloon East, as well as the five Royal brand hotels, recorded a solid rise in occupancies and recovery in room rates following the return of international travellers.

During the year, the Group's mainland portfolio saw an exciting addition with the opening of luxury hotel Andaz Nanjing Hexi. The Ritz Carlton Shanghai, Pudong and two joint-venture hotels, Conrad Guangzhou and Park Hyatt Hangzhou, experienced gradual recoveries during the year. As part of the Group's strategy to foster sustainability of the hotel portfolio, the management has continued to raise green performance, efficiency and service standards through asset enhancements and applications of advanced technology.

Hong Kong Portfolio

While Hong Kong is moving steadily towards normalcy, the Group's hotels have modified their business strategies to capture the opportunities brought by business and leisure travellers. In addition to launching online and offline marketing campaigns, the Group's hotels have worked with partner hotels overseas and on the mainland to run cross-promotion campaigns. The hotels are keen to connect with existing and potential customers. During the year, Go Royal, a loyalty programme for the five Royal brand hotels, celebrated its first anniversary with a campaign launched in collaboration with SHKP malls and The Point, an integrated loyalty programme for SHKP malls. The campaign successfully acquired new members and created considerable synergy between the Group's hotels and malls through a series of privilege and reward offerings. To create a refreshing experience for customers, the Group has also been constantly upgrading its hotels. During the year, Royal

The Royal Garden, Hong Kong

The Ritz-Carlton, Hong Kong

Park Hotel rolled out its newly refurbished rooms, with attractive designs and functionalities.

Elevating Customers' Spiritual and Physical Wellness

The Group's hotels strive to make their properties more than just a place to stay and dine. During the year, special room packages which allowed guests to see the cultural charms of Hong Kong were introduced. With proximity to the West Kowloon Cultural District, The Ritz Carlton, Hong Kong and W Hong Kong offered room packages which came with complimentary admission tickets to M+ museum. Customers are also kept updated on the district's events via social media platforms. Hyatt Centric Victoria Harbour Hong Kong also featured an art corner to showcase the works of local artists.

During the year, the Group's hotels continued to deliver exceptional wellness experiences to customers. Idyllic spas at luxury hotels, including a Forbes five-star facility at Four Seasons Hotel Hong Kong, attracted customers looking for high-quality treatments. ALVA Hotel by Royal and Royal Park Hotel in Sha Tin continued to provide a free bicycle-lending service to guests, allowing them to explore the beauty of the vicinity.

Fun-filled Options for Families and Pet Lovers

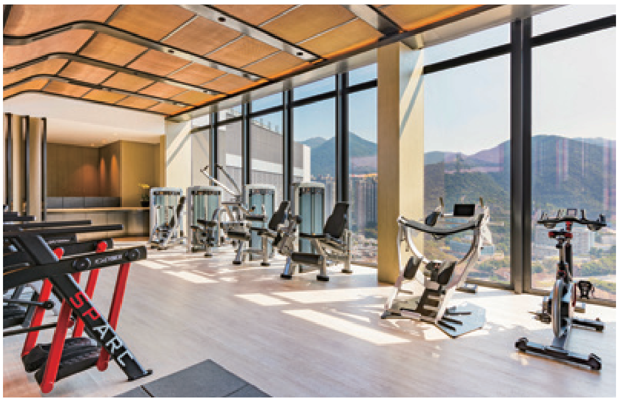
The Group's hotels are a popular choice for families to spend their time together. While Royal View Hotel presents themed rooms akin to a playground, kid-friendly room packages are also available in the Group's luxury hotels. During the year, Royal Park Hotel teamed up with a famous family entertainment brand to offer themed room packages with free admission tickets to an indoor playground in New Town Plaza, creating a multi-win situation for the hotel, the mall, the merchant and the customers. Embracing the trend of holidaying with pets, some of the Group's hotels continued to offer 'petcation' packages.

Royal Plaza Hotel, Hong Kong

W Hong Kong

Property Related Businesses

Royal Park Hotel, Hong Kong



ALVA Hotel by Royal, Hong Kong

The dog hotel boarding service offered by Hyatt Centric Victoria Harbour Hong Kong was highly praised.

Ideal Venues for Conventions and Banquets

Capitalizing on opportunities brought by the return of international events to Hong Kong during the year, the Group's hotels have promoted meeting packages to increase sales. Four Seasons Hotel Hong Kong, as the venue of the Global Financial Leaders' Investment Summit held in November 2022, introduced complementary packages and activities. Easy accessibility by rail to the Hong Kong Convention and Exhibition Centre made The Royal Garden, Royal Plaza Hotel and Royal Park Hotel preferred choices of accommodation for exhibitors from around the world. The Group also tapped into resurgent demand for banquet venues. The Ritz-Carlton, Hong Kong deployed augmented-reality technology at its wedding consultation to enable soon-to-be-married couples to visualize their dream wedding. The Group's other hotels also presented wedding packages of various options and styles to suit diverse customer needs.

Top Destinations for International Flavours

The Group pampers the palates of its hotel guests with the finest delicacies. During the year, Four Seasons Hotel Hong Kong again clinched seven Michelin stars under one roof, which were earned by the Caprice French restaurant, the Lung King Heen Chinese restaurant, the Sushi Saito Japanese restaurant and NOI, the newly opened Italian restaurant. Chinese restaurant Tin Lung Heen and Italian restaurant Tosca di Angelo in The Ritz-Carlton, Hong Kong were Michelin starred for the eleventh and tenth consecutive years respectively. The former also garnered a diamond in the 2023 Black Pearl Restaurant Guide by Meituan. Chinese restaurant Dong Lai Shun and Italian restaurant Sabatini Ristorante Italiano in The Royal Garden achieved four-star ratings in the *Forbes Travel Guide* for yet another year.

Royal View Hotel, Hong Kong

Hyatt Centric Victoria Harbour Hong Kong

Crowne Plaza Hong Kong Kowloon East

The Ritz-Carlton Shanghai, Pudong, Shanghai

Mainland Portfolio

With the return of interprovincial travellers following the lifting of travel restrictions on the mainland in early 2023, the Group's hotels on the mainland, namely The Ritz-Carlton Shanghai, Pudong and joint-ventures Park Hyatt Hangzhou and Conrad Guangzhou, achieved gradual improvements in both occupancies and room rates. With high acclaim from customers, Jin Xuan Chinese Restaurant in The Ritz-Carlton Shanghai, Pudong retained its Michelin and Black Pearl star ratings during the year.

Demonstrating its confidence in the long-term future of the mainland, the Group continues to develop premium hotels within its integrated developments in major cities. Andaz Nanjing Hexi, a five-star luxury lifestyle hotel at the Nanjing IFC complex, opened in April 2023. Next to the city's expo centre, the hotel offers 362 guestrooms and suites featuring full-height windows letting in magnificent views of the vibrant cityscape, in addition to upscale restaurants and a trendy bar.

Four Seasons Hotel Suzhou is scheduled to open in the fourth quarter of 2023. Located on a secluded urban island, the hotel will feature landscaped gardens inspired by the beauty of Suzhou's heritage and some 210 rooms, suites and private villas which enjoy spectacular views of Jinji Lake. As part of the Group's ITC integrated development in Shanghai, the Andaz Shanghai ITC hotel will offer about 260 guest rooms and suites featuring stylish design. Construction of the superstructure will be completed by the first half of 2024.

Sustainability and Application of Technology

The Group has enhanced the sustainability of its hotel portfolio through an extensive application of ESG concepts. In addition to adopting efficient building management systems, the hotels have taken steps to address climate change, including a reduction in energy and water consumption, as well as abandoning the use of single-use plastics. The Group's hotels also initiated a food-scanning control system and partnered with the Hong Kong Productivity Council to transform food waste into energy-generation slurry.

With careful application of advanced technologies, the Group has continued to raise operational efficiency of its hotels. Its online reservation system has not only reduced operational costs but also boosted booking rates of its hotels. Some hotels have provided added convenience by turning the guests' mobile phones into their room keys. The Group is planning to deploy artificial intelligence (AI) assistants at individual guest rooms to offer more personalized services.

Andaz Nanjing Hexi, Nanjing

Property Related Businesses

Leveraging smart technology to cater for customers' needs for security and convenient access

The Internet of Things (IoT) is leveraged to achieve smart property management

Property Management

The Group's property management subsidiaries, Hong Yip Service Company Limited and Kai Shing Management Services Limited, continue to provide customers with a safe, healthy and cosy environment for living, work, shopping and relaxation. Adhering to the Group's customer-centric approach, the companies constantly make reference to international standards in an effort to enhance service quality. The companies have not only won wide acclaim from residents, commercial tenants and shoppers, but contributed to the increase in the value of the Group's managed properties.

Leveraging latest technologies such as data analytics and smart solutions, Kai Shing and Hong Yip have continued to enhance operational efficiency. Their dedication has enabled the Group to extend its application of Building Information Modelling (BIM) from design and construction to property management.

Working with its subsidiary on the development of a 24/7 efficient Building Information Modelling – Facility Management platform, Hong Yip has successfully turned Sun Hung Kai Centre, the Group's headquarters aged more than 40 years, into a modern office building featuring smart management technology. This property management subsidiary will continue to introduce this platform, which is usually applied in new buildings, to other existing commercial properties.

With the data accumulated by ICC after its completion, Kai Shing worked with a consultancy to create a 'digital twin', which enabled the use of three-dimensional BIM to analyse the building's data performance. As such, the management team is able to plan operation and maintenance matters in a timely manner. Extending the application of technology in properties on the mainland, the Group has adopted smart meters at Shanghai IFC and One ITC for remote meter reading, enabling the collection of real-time data for conducting analysis and optimizing energy management.

Integrating smart living with property management has been an important direction followed by Hong Yip and Kai Shing. The mobile apps of the two companies, SoProp and Live e-asy, have been constantly upgraded to provide residents with extra comfort and convenience.

During the year, Kai Shing launched a new property management brand, WeSpire Living (WeSpire), to service young and dynamic estates with a variety of innovative ideas. Residents of the new NOVO LAND development enjoy the convenience of virtual keys. As soon as they walk near the entrance of the estate or lift lobbies, a bluetooth sensor will recognize their mobile phones and the doors will be opened automatically. Residents embarking on a lift will be taken to their respective floor levels without the need to press buttons in an elevator. In addition, unmanned electric vehicles were arranged under a pilot scheme at PARK YOHO to carry residents around the development, making it the first residential project in the city to provide such service. A subsidiary of Hong Yip developed VR Goes Everywhere, a virtual reality platform offering such innovative services as the first-ever 3D WayFinding Technology. Currently used in Wetland Seasons Park and Wetland Seasons Bay, the technology combines images and real scenes to show users how to get to their destinations.

The subsidiaries have strived to reduce energy consumption and carbon emissions, with long-term roadmaps to replace electrical installations and upgrade air-conditioning systems of a variety of properties to minimize their impact on the environment. During the year, Kai Shing signed a charter with a local university and consultancies along with providers of energy solutions, electrical and mechanical equipment and air-conditioning systems to mark their joint effort to reach a two-year energy-saving target covering the Group's eight commercial properties.

In addition, the two subsidiaries have adopted solar-power applications across their managed properties wherever practicable to reduce carbon footprint. The companies have also participated in the EV-charging at Home Subsidy Scheme to speed up the installation of EV charging-enabling infrastructure in car parks of residential buildings. More EV chargers have been installed in their managed commercial properties to bring greater convenience to tenants and visitors.

Kai Shing and Hong Yip participated in the HKSAR Government's solicitation scheme to support residential buildings to use smart food waste bins, which could enhance collection efficiency of food waste. A number of estates and commercial properties managed by the subsidiaries, both in Hong Kong and on the mainland, have urban farms for residents, tenants or visitors to experience green living. To help reduce the generation of plastic waste, both companies have placed umbrella dryers at more shopping malls and office lobbies as an alternative to plastic umbrella bags. They also secured the commitment of some restaurants to go plastic-free.

The outstanding performance of the two companies was highly commended at the Hong Kong Awards for Environmental Excellence co-organized by the Environmental Campaign Committee, the Environment and Ecology Bureau and nine organizations. Kai Shing won two golds and two silvers, and more than 280 properties managed by the two companies were certified as Hong Kong Green Organizations. Hong Yip was also proud to be the first property management company to win the Leadership Award for Net-Zero Contribution from the Hong Kong Quality Assurance Agency.

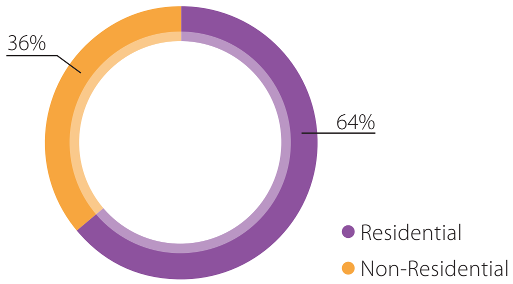
Constant support was given to staff members to elevate their professional standards. About 80% of Kai Shing and Hong Yip's managers in the area of property management hold a property management practitioner Tier 1 or Tier 2 licence from the Property Management Services Authority. Apart from this, the two companies have continued to provide internship opportunities to students of different institutions. During the year, in addition to earning the ERB Excellence Award for Employers for the 13th year, Hong Yip won the Age-friendly Employer Award under the Jockey Club Age-friendly City Partnership Scheme and was named Employer of the Year by JobsDB. The two subsidiaries also clinched the Employer of Choice Awards from *JobMarket*.

The urban farms in the Group's malls create green leisure space

Aside from leveraging their resources and networks to spread love and care in the community, the two companies have also maintained good corporate governance to support their fulfilment of corporate social responsibility. During the year, Kai Shing received the InnoESG Prize 2022: ESG Award from the SocietyNext Foundation in recognition of its contributions to sustainable development. Hong Yip was awarded the gold prize of the Special ESG Awards – Outstanding ESG Performer of the Year (Large Enterprise) in the ESG Achievement Awards organized by The Institute of ESG & Benchmark (IESGB). The two subsidiaries have placed great emphasis on imparting ESG knowledge to employees. The Sustainability/ESG Training Centre was set up under Hong Yip People Development Academy for such purpose.

As at 30 June 2023, the total gross floor area managed by Hong Yip and Kai Shing increased to over 293 million square feet. New undertakings included NOVO LAND Phases 1A and 1B, Wetland Seasons Bay, St Michel, KENNEDY 38, Prince Central, The Millennity and Plaza 228 in Hong Kong along with a few commercial properties on the mainland, including Tower A of Three ITC and Arch Plaza in Shanghai and One ICC in Chengdu.

Floor Area Managed by Hong Yip and Kai Shing by Usage



Property Related Businesses

Construction

The Group's construction division, comprising Sanfield (Management) Limited and its wholly-owned subsidiaries and fellow subsidiaries, operates in construction-related businesses and other services for the Group and third parties. The division's range of services include concrete production, precast-concrete-unit production, electrical and mechanical installation, production and installation of wooden doors, leasing of construction plants and machinery as well as landscaping.

Several problems, including disruptions of construction projects and supply chains, and unstable labour situations, occurred during the anti-pandemic fight that lasted for three years. These problems have gradually been dissipating with operations returning to normal in 2023. To minimize the impact of unpredictable situations on construction progress in future, the division has expedited its process of digitalization.

During the year under review, the division started to digitize the subletting process and make all sub-contracts in digital form. Block Chain technology has been adopted to ensure privacy, authenticity and built-in confidentiality. Sub-contractors are also engaged in the process with encouraging responses. In addition, process re-engineering and procedure digitalization, full deployment of BIM technology, and the adoption of Design for Manufacturing and Assembly (DfMA) continue to be high on the division's agenda.

ESG also remains a priority of the division. A number of steps have been adopted to ensure timely, accurate and adequate data collection submitted to the Group and for subsequent reporting to stakeholders. A consultant has been appointed for a key construction project which aims to disclose useful and associated project information to the neighbourhood and community. This will enable stakeholders to gain a broad understanding of the project.

The Central Project Office for the High Speed Rail West Kowloon Terminus Development

In addition, the division has partnered with a local university for the development of new construction methods and low-carbon materials. The newly established innovation sub-section has also entered into an agreement with technology companies for research and development in respective areas for the improvement of productivity and ESG performance. The division will continue to improve all aspects of the construction process to contribute to the Group's success in this long-term goal.

During the year, the division completed 11 developments totalling 4.9 million square feet of construction floor area. The completed developments included residential projects NOVO LAND Phases 1A and 1B, The YOHO Hub, Wetland Seasons Bay Phase 3, St Michel Phase 2, KENNEDY 38, 233 Prince Edward Road West, and non-residential projects The Millennity, W MEGA, Plaza 228 and the MEGA Gateway data centre.

Major residential developments in progress included Cullinan Sky, Cullinan Harbour, Silicon Hill, University Hill, Sai Sha project, NOVO LAND subsequent phases, The YOHO Hub II and YOHO WEST. Major non-residential developments in progress included TOWNPLACE WEST KOWLOON, the retail podium at 98 How Ming Street in Kwun Tong, and MEGA IDC. A number of major projects are also undergoing asset-enhancement works, including Dynasty Court, East Point City, New Town Plaza, Advanced Technology Centre, Millennium City Phases 1 and 6, Four Seasons Hotel Hong Kong and Royal Park Hotel. The division also takes part in construction management of the Group's development projects on the mainland.

Insurance and Mortgage Services

Sun Hung Kai Properties Insurance Ltd., a wholly-owned subsidiary of the Group, maintained a disciplined approach to underwriting and risk management to produce strong underwriting results during the year. This, together with its improved investment results, enabled the company to achieve better operating results over the previous year. Looking forward, the company is confident of its business prospects. It will continue with its prudent risk controls and optimize its operational efficiency and investment strategies.

The financial services division, comprising Hung Kai Finance Company Limited and Honour Finance Company Limited, achieved satisfactory profits during the year. The division will maintain its focus on mortgages, mortgage referrals and other services that support the Group's sales business and property development.

Telecommunications and Information Technology

SmarTone continues to invest in its 5G network and enhance customer experience

MEGA IDC, SUNeVision's new data centre in Tseung Kwan O

Telecommunications

During the year under review, despite a competitive market environment, SmarTone's business remained stable and delivered a moderate increase in profit before the recognition of expected credit loss on financial assets. Key contributors to profit included the ongoing 5G migration, the gradual recovery in roaming following the relaxation of travel restrictions, robust performance of SmarTone's 5G Home Broadband service, and contributions from the Enterprise Solutions business.

Network performance is always a priority for SmarTone. The company's 5G network covers over 99% of the population and delivers deep in-door penetration through its holding of low-band spectrum, the largest among Hong Kong operators. Investment has been directed to areas that matter most to customers, as SmarTone deployed the new 850MHz spectrum in the MTR to provide the No. 1 MTR 5G network. Multiple journals have confirmed SmarTone delivers the fastest download speed in MTR stations. The company was also recognized in a recent report by OpenSignal, an independent mobile analytics company, as the leader among the city's mobile operators, in terms of both coverage and consistency.

SmarTone takes pride in being a responsible corporate citizen. In order to deliver growth on a sustainable basis, the company embarked on a modernization of network equipment and applied AI-based network solutions to achieve a reduction of about 33% in energy consumption while targeting a further 8% to 10% saving next year. Through its 5G Ednovation Programme initiative, SmarTone brought 5G technology into classrooms to enhance teaching efficiency and stimulate students' passion in STEM.

It is expected that economic conditions will continue to be difficult, and the mobile market will remain competitive. In the face of these challenges, SmarTone will maintain vigilant control over costs while continuing to invest in new growth initiatives. The Group is confident of SmarTone's prospects and will continue to hold its stake in the company as a long-term investment.

Information Technology

During the year under review, demand for SUNeVision's data centres remained strong, driven by continued digitalization by enterprises across different industries. The company has seen increasing orders from customers across the globe, especially hyperscale cloud players. Seeing Hong Kong as a critical data hub, multinationals and mainland companies increased their demand for the first-class data-centre facilities provided by SUNeVision.

SUNeVision has continued to deliver on its robust pipeline. MEGA Gateway in Tsuen Wan, the company's seventh data centre, has commenced operation. It is the latest addition to SUNeVision's inter-connected MEGA Campus, complementing MEGA-i's leading position in connectivity. The strategic location of MEGA Gateway has positioned it as a major springboard connecting customers to and from the mainland to the rest of the world.

MEGA IDC, SUNeVision's flagship greenfield project in Tseung Kwan O, will see the completion of its first phase with approximately 527,000 square feet in gross floor area by early 2024. A state-of-the-art facility with extraordinarily abundant electricity provisions and superior infrastructure, MEGA IDC will significantly bolster SUNeVision's capacity to serve large cloud-service providers and data-intensive customers. The completion of the entire MEGA IDC project will drive up the company's current design power capacity of around 100MW by more than double.

The Hong Kong Segment of China Telecom Global's Asia Direct Cable has landed at SUNeVision's HKIS-1 cable landing station. This will bring additional synergistic traffic and business to the MEGA Campus ecosystem going forward.

In the midst of a challenging macro environment, geopolitical risks and high interest rates, SUNeVision will continue to exercise tight financial discipline and manage its gearing position on a prudent basis.

Infrastructure and Other Businesses

Wilson Parking, Hong Kong

KMB will put more electric buses into service

Transport Infrastructure Operations and Management

Wilson Group, a wholly-owned subsidiary of the Group, is a leading provider of transport infrastructure asset management and smart mobility solutions in Hong Kong. Underpinned by the removal of social distancing policies, the company registered good performance during the year.

With a long-term engagement in parking, tollways, technology and smart mobility solutions, Wilson Group's professional work has been widely recognized by the industry. The company operates and manages over 350 public and private car parks and nearly 100,000 parking bays in Hong Kong, including those of the Transport Department, the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, and Hong Kong International Airport. On the mainland, the company manages a total of 33 car parks and nearly 23,000 parking bays.

Contactless parking service, which aims to provide customers with an exceptional driving experience, and EV charging stations will continue to be the company's areas of investment in Hong Kong. To cater for the rising number of EV car owners, additional EV chargers will be installed at the company's car parks throughout the territory.

In conjunction with its 50%-owned subsidiary, Autotoll, the company obtained a government contract to implement HKeToll (Free-flow Tolling System) at all government tolled tunnels in 2023. Providing a smooth driving experience to all drivers, the smart mobility initiative enables motorists to pay tolls remotely using toll tags without having to stop and queue up at toll booths for payments.

In May 2023, Wilson Group's tollway division successfully secured a new management contract for Lung Shan Tunnel and Cheung Shan Tunnel. The company also continued to operate and maintain Tsing Ma Control Area, Tsing Sha Control Area, Route 3 (CPS), Scenic Hill Tunnel, Airport Tunnel, Tuen Mun – Chek Lap Kok Tunnel and Aberdeen Tunnel.

The Group owns a 70% stake in Route 3 (CPS) Company Limited under a 30-year Build-Operate-Transfer franchise from 1995. The thoroughfare is a trunk road for direct, fast and convenient access from the mainland border and northwest New Territories to urban areas. The company continues to maintain public safety and smooth traffic flow of this trunk road while simultaneously addressing social needs of environmental protection and carbon neutrality.

The Group owns a 42.1% stake in the publicly listed Transport International Holdings Limited (TIH), which is engaged in the largest franchised public bus operations through The Kowloon Motor Bus Company (1933) Limited (KMB) and Long Win Bus Company (LWB). Bus ridership of individual routes was affected by changing commuting patterns amid the prolonged pandemic and the continuous expansion of railway services, which brought challenges to the company's business.

Recognizing that bus service is still an essential transportation tool for the public, the company has actively allocated its resources to expand its bus network, providing affordable and convenient routes to passengers. More than 30 Bus-bus Interchanges have been established or refurbished to provide an increasingly extensive network in Hong Kong. New routes have been introduced to new development districts to expand the service network. To enhance passengers' communication convenience during their rides, KMB has provided free 5G Wi-Fi service in the majority of its bus fleet. During the year, with the gradual removal of social-distancing measures and cross-border travel restrictions, the travelling demands of local citizens and visitors increased, resulting in a rise in bus ridership and income. TIH has capitalized on business opportunities brought by an integration with the GBA to strengthen transport connections. Plans are being formulated to promote intermodal transportation projects and facilitate cross-boundary payments.

With an intention to achieve zero emissions, TIH has developed a clear blueprint to upgrade the entire fleet to new-energy buses by 2040. A fleet of 16 single-deck electric buses are being deployed in Hong Kong and more than 50 electric double-deckers will be put into service in 2023. Going forward, KMB plans to build two new electric bus depots in Tai Po and Tuen Mun to provide some 850 charging and parking spots. KMB is also striving for ways to utilize renewable energy within its operations. About 30,000 solar panels are being installed on bus roofs, depots, bus termini and bus stop poles.

Port Business

Hoi Kong Container Services Company Limited, a wholly-owned subsidiary of the Group, provides container and cargo handling services in Hong Kong. Operating four berths and about 3.3 hectares of container yard in Kwai Tsing, the company achieved continuous improvement in operational efficiency during the year.

The River Trade Terminal, in which the Group has a 50% interest, is ideally positioned to serve as a logistics hub for the GBA. Comprising 3,000 metres of quay with 49 berths, the 65-hectare terminal in Tuen Mun provides container-handling and consolidation services as well as break-bulk and refrigerated cargo handling and storage services. During the year, the company recorded a significant decline in container handling for cargoes from the mainland despite the easing of the impact of COVID-19 pandemic in 2023. Weakening global demand also hindered growth in cargo-handling volume from the United States and Europe. With stringent cost-control measures to improve operational efficiency, the company was able to maintain profitability during the period.

Air Transport and Logistics Business

Situated at Hong Kong International Airport, the Group's wholly-owned Airport Freight Forwarding Centre Company Limited (AFFC) operates a logistics facility covering over 1.6 million square feet of premium warehouse and office space. AFFC continued to play a major role in supporting logistics players in the delivery of time-sensitive cargoes. The facility's flexibility and service are appreciated by many of the logistics companies which are mostly SMEs. During the year, AFFC's performance was affected by a reduction in cargo throughput due to global economic uncertainties.

The Hong Kong Business Aviation Centre (HKBAC) Limited is a franchised fixed-base operator at Hong Kong International Airport. The company, in which the Group owns a 35% stake, has since 1998 provided premium aircraft handling and support services for general and business aviation. With a growth in demand for charter flights following the full reopening of the border, the company recorded strong recovery in business activities. During the year, the number of flights bounced back to the pre-pandemic level. Apart from enjoying a distinctive geographical advantage as a gateway to the GBA and other regions of Asia, HKBAC excels at providing the highest level of safety and service. The company was recognized as the Best Asian FBO by *Professional Pilot* magazine for 16 consecutive years with an unprecedented full score. It was also named one of the Top Rated FBOs in Asia Pacific by *Aviation International News* in 2023. The Group remains positive about the company's long-term prospects. To further upgrade its facilities, the company has embarked on a terminal redevelopment project and a ground-breaking ceremony was held during the year. Scheduled for completion in 2025, the redevelopment project is expected to be a growth driver for the company's business.

Airport Freight Forwarding Centre, Hong Kong

Hong Kong Business Aviation Centre (Rendering)

Infrastructure and Other Businesses

YATA sources premium products from around the world

Sky100 is one of the renowned tourist landmarks in Hong Kong

Waste Management

Green Valley Landfill Limited, in which the Group owns a 20% interest, is responsible for both the daily operation and long-term aftercare of the South East New Territories Landfill in Tseung Kwan O. The company has the capacity to handle some 50 million cubic metres of waste following the opening of a landfill extension in November 2021, resulting in an increase of the site area to 113 hectares. Gas generated from the landfill will be converted into synthetic natural gas and conveyed to the gas supply network, contributing to a cleaner environment. During the year, the company recorded steady business performance while progressing with the development of a one-megawatt solar farm pilot on the landfill.

YATA Limited

A wholly-owned subsidiary of the Group, YATA operates 14 modern Japanese lifestyle department stores and supermarkets in Hong Kong, including two small-format supermarkets known as KONBINI by YATA. During the year, the company continued to deliver satisfactory performance despite changes in spending habits following the COVID-19 pandemic.

Through ensuring product quality and diversity, the company is committed to providing customers with a memorable shopping experience. Efforts have been devoted to improving product sourcing, food quality and customer service. The reporting year saw YATA complete the revamp of the self-checkout device to increase customer satisfaction. A store compliance team was also introduced to enhance the company's quality of food and services.

Supported by its loyalty programme with over a million members, YATA has constantly leveraged its app to enhance customer experience. The company will continue to introduce novel features and compelling incentives to foster its engagement with members.

Sky100 Hong Kong Observation Deck

Sky100 Hong Kong Observation Deck on the 100th floor of ICC is the only indoor viewing platform to offer a splendid 360-degree view of the city. With the launching of effective online marketing campaigns targeted mainly at mainland and Southeast Asian markets, Sky100 has since March recorded a gradual increase in mainland and overseas visitors following the lifting of all travel restrictions in early 2023. The observation deck has also seen a notable increase in enquiries about bookings for events and banquets.

To capitalize on business opportunities arising from the increasing number of visitors to the neighbouring West Kowloon Cultural District, Sky100 has rolled out a series of cultural activities to attract culture lovers. The programmes launched during the year, including Chinese cultural performance, an exhibition of nostalgic Hong Kong toys and parent-child workshops on Chinese art, received highly positive responses from both young and old. Sky100 also partnered with six local social enterprises to host a marketplace to promote green living.

During the year, the observation deck received the Best Family Activity and Destination Award from a famous online parenting platform in Hong Kong. The provision of the deck's edutainment options contributed to its growing appeal to families. Sky100 Academy, a programme for kindergarten, primary and secondary school students to further their knowledge in different realms, served more than 180 groups during the year, a record high for the academy.

To mark its 12th anniversary in 2023, Sky100 released special-edition stamps during the year, further elevating its brand. As the only member of the World Federation of Great Towers in Hong Kong, Sky100 constantly explored collaboration opportunities to strengthen its position in the GBA. Looking forward, Sky100 will continue to work closely with industry partners and the Hong Kong Tourism Board to revive and introduce new impetus to the tourism industry.

Corporate Finance

Financial sustainability with healthy gearing, abundant liquidity and balanced debt repayment schedules has been a consistent cornerstone of the Group's prudent financial discipline. This allows the Group to demonstrate strong resilience against adverse economic conditions. Both Moody's and S&P reaffirmed the Group's credit ratings of A1 and A+ respectively, with stable outlooks. Such ratings continued to be one of the highest among real estate companies in Hong Kong.

The Group continued to earn tremendous support from the banking community. In May 2023, the Group arranged its largest-ever HK$27,500 million 5-year syndicated facilities to finance some of its debts and extend its loan maturity profile, which is in line with the Group's policy of keeping substantial committed facilities as standby for its future development. Meanwhile, new Renminbi loans were also concluded with strong support from mainland banks to fund the Group's projects on the mainland, despite the fact that the property market has continued to be challenging.

During the year, the Group issued a HK$500 million 3-year bond, USD70 million 3-year bond, and a CNH200 million 10-year bond. The Group also issued on the mainland its first CNY2,000 million commercial mortgage-backed securities with a view to diversifying its financing tools and channels. Additionally, the Group has since July 2023 issued three 5-year CNH bonds and two 2-year CNH bonds with a total issue size of CNH1,500 million.

The additional borrowings in Renminbi help achieve a better alignment of the Group's Renminbi-denominated assets and liabilities. Additionally, the interest rates for Renminbi financing are currently more favourable, offering an opportunity for the Group to reduce its overall cost of borrowing. At the end of June 2023, about 42% of the Group's total borrowings were either HKD fixed-rate debts or denominated in Renminbi.

As always, the Group has not executed any speculative derivatives and structured product transactions. All the Group's US dollar borrowings have also been hedged through cross-currency swaps.

Financial Review

REVIEW OF RESULTS FOR FY2022/23

Underlying profit attributable to the Company's shareholders for the year was HK$23,885 million, decreased by 17% or HK$4,844 million compared with HK$28,729 million for the previous year. The decrease was mainly due to lower property development profit from Hong Kong.

Including the net effect of revaluation changes on investment properties, the Company reported an attributable profit to shareholders of HK$23,907 million, representing a decrease of HK$1,653 million or 7% compared with HK$25,560 million for the previous year.

	2023 HK$ Million	2022 HK$ Million
Segment revenue (including share of joint ventures and associates)	**83,381**	88,340
Segment operating profit (including share of joint ventures and associates)	**34,689**	39,010
Underlying profit attributable to Company's shareholders	**23,885**	28,729
Adjustment for net revaluation movements on investment properties		
Net revaluation gain/(loss)	**221**	(2,902)
Valuation gains realized on disposal	**(199)**	(267)
Net effect	**22**	(3,169)
Profit attributable to Company's shareholders	**23,907**	25,560

Revenue and Operating profit/(loss) by segment for the year ended 30 June (including share of joint ventures and associates)

	Revenue		**Operating profit/(loss)**	
	2023 HK$ Million	2022 HK$ Million	**2023 HK$ Million**	2022 HK$ Million
Property sales				
Hong Kong	**23,866**	32,878	**8,474**	14,832
Mainland	**5,250**	2,525	**2,825**	1,015
	29,116	35,403	**11,299**	15,847
Property rental				
Hong Kong	**17,738**	17,551	**13,249**	13,207
Mainland	**5,843**	6,575	**4,648**	5,515
Singapore	**741**	684	**564**	528
	24,322	24,810	**18,461**	19,250
Hotel operations	**4,215**	3,071	**161**	(429)
Telecommunications	**6,763**	6,957	**702**	744
Transport infrastructure and logistics	**7,899**	7,136	**1,587**	1,215
Data centre operations	**2,346**	2,086	**1,171**	1,044
Other businesses	**8,720**	8,877	**1,308**	1,339
Segment total	**83,381**	88,340	**34,689**	39,010

Total revenue and operating profit of the Group's business segments (including share of joint ventures and associates) for the year decreased by 6% to HK$83,381 million and 11% to HK$34,689 million, respectively.

Revenue from property sales (including share of joint ventures) in Hong Kong decreased by 27% to HK$23,866 million. Sales completions of residential units was significantly lower compared with the previous year, and was mainly derived from sales of residential units in NOVO LAND Phases 1A and 1B, The YOHO Hub Phase 1, Wetland Seasons Bay Phase 3, St Michel Phase 2 and KENNEDY 38. Development profit decreased by 43% or HK$6,358 million to HK$8,474 million, reflecting lower sales completions and profit margin. Blended profit margin was 36% compared with 45% for the previous year.

Revenue from property sales (including share of joint ventures) on the Mainland increased by 108% to HK$5,250 million, mainly driven by higher sales completions. Development profit increased by 178% to HK$2,825 million. The contributions were mainly attributable to sales of residential units in Oriental Bund Phase 4C, Grand Waterfront Phase 3 and Jovo Town Phase 3A.

As at 30 June 2023, contracted property sales attributable to the Group (including share of joint ventures) not yet recognized amounted to HK$32.4 billion, comprising HK$28 billion in Hong Kong, of which about HK$24 billion is expected to be recognized in the next financial year, and HK$4.4 billion on the Mainland.

Rental revenue of property investment in Hong Kong, including share of joint ventures and associates, increased by 1% to HK$17,738 million with net rental income increased marginally to HK$13,249 million. The increase in revenue was mainly due to increased contribution from the retail portfolio, more than offsetting the lower contribution from the office portfolio. The retail portfolio delivered an increase of 2% in revenue to HK$9,055 million, driven mainly by continued improvement in tenant sales in the first half of 2023, while the office portfolio recorded a modest revenue drop of 2% to HK$6,205 million due to negative rental reversions.

Rental revenue and net rental income of the Mainland portfolio, including share of joint ventures, decreased by 11% and 16% in Hong Kong dollar terms to HK$5,843 million and HK$4,648 million, respectively. Excluding the impact of Renminbi ("RMB") depreciation, rental revenue was down by 4% to RMB5,215 million compared with RMB5,433 million for the previous year. The decrease was primarily due to rent relief granted to the retail tenants that were affected by the business closure during April and May last year. Rental revenue from retail portfolio before rent relief stayed almost the same as that of the previous year, while the office portfolio recorded a mild revenue drop of 2% in RMB terms.

Hotel (including share of joint ventures) delivered a revenue increase of 37% to HK$4,215 million and generated an operating profit of HK$161 million (after depreciation charge of HK$646 million) against an operating loss of HK$429 million for the previous year. Both room sales and food and beverage revenue recorded strong recovery with the lifting of quarantine measures and full border reopening in February 2023. An average occupancy rate of 73% was achieved for the Group's hotels in Hong Kong during the year.

SmarTone reported a revenue of HK$6,763 million, decreased by 3% and operating profit of HK$702 million, down by 6%. The decrease was due to drop in handset sales. Service revenue remained stable with higher revenue from roaming services, notably the outbound roaming.

Transport infrastructure and logistics (including share of joint ventures and associates) reported a revenue growth of 11% to HK$7,899 million with operating profit increased by 31% to HK$1,587 million, driven mainly by improved performance in business aviation centre operations, Wilson Group, toll road and franchised bus business following the relaxation of social distancing and travel restrictions.

SUNeVision's revenue and operating profit grew by 12% to HK$2,346 million and HK$1,171 million, respectively, due to continued demand for data centre services driven by increased digitalization across business and consumers.

The Group's other businesses (including share of joint ventures and associates), include mainly property management, department store operations and financial services. Financial performance for the year was fairly stable, generating a revenue and operating profit of HK$8,720 million and HK$1,308 million, respectively.

Financial Review

Fair Value Change of Investment Properties

Investment properties were carried at fair values based on independent valuation as at 30 June 2023.

The Group recorded an unrealized loss of HK$593 million (2022: loss of HK$2,619 million) arising from revaluation of investment properties held by its subsidiaries and shared a revaluation gain of HK$414 million (2022: loss of HK$331 million) on revaluation of investment properties held by its joint ventures and associates. There was a net unrealized revaluation gain of HK$221 million (2022: loss of HK$2,902 million) attributable to the Company's shareholders, after accounting for the effect of the related deferred taxation and non-controlling interests.

FINANCIAL MANAGEMENT

The Group continues to adopt a disciplined approach in financial management by maintaining a strong balance sheet and a diversified base of funding sources with sufficient financial resources to support operations and business growth. The Group constantly reviews its capital structure and financial position to ensure that it remains financially sound, so that the Group can continue to provide returns to shareholders while keeping financial leverage at a prudent level.

The entire Group's financing risk management, financing and treasury activities are centrally managed and controlled at the corporate level.

Gearing Ratio

The Group's balance sheet remains strong. Shareholders' equity was HK$602.1 billion or HK$207.8 per share as at 30 June 2023 compared with HK$601.9 billion as at 30 June 2022. The increase was driven by profit attributable to the shareholders of HK$23.9 billion, offset by dividends of HK$14.3 billion paid during the year and foreign exchange loss of HK$9.3 billion, resulting from year-end translation of financial statements of the Mainland and overseas operations.

As at 30 June 2023, the Group's net debt amounted to HK$109,773 million (30 June 2022: HK$104,608 million). Gearing ratio as at 30 June 2023, calculated on the basis of net debt to shareholders' equity of the Company, was 18.2% compared to 17.4% as at 30 June 2022. The increase was largely due to capital expenditures in both Mainland and Hong Kong.

Finance Costs and Interest Cover

For the year ended 30 June 2023, net finance costs including capitalized interest increased by HK$1,477 million to HK$4,081 million, reflecting higher average effective cost of borrowings, which went up to 3.3% (2022: 2.2%), mainly due to rising HIBOR rates. Net finance costs charged to the income statement (after interest capitalized) increased by HK$752 million to HK$2,499 million.

Interest cover for the year was 6.8 times (2022: 12.8 times), measured by the ratio of operating profit to total net interest expenses including those capitalized.

The average effective interest rate of the Group's borrowings for the year ended 30 June 2023 is analyzed as follows:

	Year ended 30 June	
	2023	2022
Fixed rate	**2.8%**	3.0%
Floating rate	**3.6%**	1.7%
Weighted average interest rate	**3.3%**	2.2%

Debt Maturity Profile and Composition

As at 30 June 2023, the Group's gross borrowings totalled HK$125,053 million, of which 78% were raised through its wholly-owned finance subsidiaries and the remaining 22% through operating subsidiaries.

The maturity profile of the Group's gross borrowings is set out as follows:

	At 30 June 2023		At 30 June 2022	
	HK$ Million	**% of Total**	HK$ Million	% of Total
Repayable:				
Within one year	**7,508**	**6%**	15,857	13%
After one year but within two years	**31,999**	**26%**	26,505	21%
After two years but within five years	**57,595**	**46%**	49,426	40%
After five years	**27,951**	**22%**	33,143	26%
Total bank and other borrowings	**125,053**	**100%**	124,931	100%
Bank deposits and cash	**15,280**		20,323	
Net debt	**109,773**		104,608	

The Group's debt maturity profile was well staggered with around 68% of the borrowings repayable after two years. The weighted average duration of the entire debt portfolio was approximately 3.5 years as at 30 June 2023.

Composition of the Group's debt portfolio is as follows:

(i) By currency (after currency swap)

	At 30 June 2023		At 30 June 2022	
	HK$ Million	**% of Total**	HK$ Million	% of Total
Hong Kong dollar	**105,861**	**85%**	98,875	79%
RMB	**17,565**	**14%**	20,721	17%
US dollar	**–**	**–**	3,770	3%
British pound	**1,627**	**1%**	1,565	1%
Total borrowings	**125,053**	**100%**	124,931	100%

When feasible, the Group will borrow on the same currency as the underlying assets or hedge through cross currency swaps for exchange risk exposure. At 30 June 2023, about 14% of the Group's total borrowings were denominated in RMB to act as natural hedges of net investments in the Mainland.

(ii) By fixed or floating interest (after interest rate swap)

	At 30 June 2023		At 30 June 2022	
	HK$ Million	% of Total	HK$ Million	% of Total
Fixed	37,197	30%	44,458	36%
Floating				
– Hong Kong dollar	71,031	57%	61,112	49%
– RMB	15,198	12%	17,796	14%
– British pound	1,627	1%	1,565	1%
Total borrowings	125,053	100%	124,931	100%

The Group's fixed-rate borrowings mainly consist of medium-term notes and a RMB2,000 million commercial mortgage-backed securities issued on the Mainland in September 2022.

Financial Resources

The Group's strong financial strength enables it to raise long-term financing from various sources at competitive rates. As part of its prudent debt management policy, the Group has always secured substantial amount of undrawn committed banking facilities, most of which are arranged on a medium to long term basis with a well-balanced maturity profile, to help minimize refinancing risk and attain financing flexibility, while optimizing financing cost. The Group closely monitors its liquidity and financing requirements to ensure that available financial resources are in place to cover its financing needs.

With ample committed banking facilities in place, continuous cash inflow from property sales and a solid base of recurrent income, the Group has adequate financial resources for its funding requirements and is well positioned to take advantage of investment opportunities when they arise.

Foreign Exchange Rate Risk Management

The Group's foreign exchange exposure was small given both its large asset base and operational cash flow are primarily denominated in Hong Kong dollar, which is the Group's presentation currency.

The Group is exposed to currency translation risk arising from translating the financial statements of subsidiaries and joint ventures operating in the Mainland. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in Mainland. Land acquisition costs for the Mainland projects are principally financed by capital injection funded by the Group's equity and internally generated funds. On-going business operations in the Mainland are financed through internal resources and borrowings in RMB as natural hedges to minimize the Group's exposure to exchange rate risk. As at 30 June 2023, approximately 20% of the Group's net assets were denominated in RMB. Compared with 30 June 2022, RMB depreciated against Hong Kong dollar by 8%. The translation of these RMB assets into Hong Kong dollar at the exchange rate as of 30 June 2023 resulted in a translation loss of approximately HK$9.4 billion (2022: loss of HK$3.2 billion), recognized in the exchange reserve.

The Group has insignificant currency risk exposure associated with certain monetary assets and liabilities denominated in foreign currencies. Where feasible and cost effective, the Group may enter into foreign exchange contracts to reduce the currency risk.

Derivative Instruments

As at 30 June 2023, the Group has entered into certain interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts in the aggregate notional amount of HK$17,959 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for hedging the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

Bank Deposits and Cash

As at 30 June 2023, the Group's bank deposits and cash amounted to HK$15,280 million, of which 46% were denominated in Hong Kong dollar, 47% in RMB, and the remaining 7% mostly in US dollar. The RMB deposits were mostly held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

All deposits are placed with banks carrying strong credit ratings with appropriate credit limits assigned relative to their credit strength, and are regularly monitored for exposures to each financial counterparty.

CHARGES OF ASSETS

As at 30 June 2023, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$46 million were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$2,898 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK$2,072 million (30 June 2022: HK$2,394 million).

Investor Relations

Striving to maintain a high level of transparency, the Group stays connected with the investment community through constantly interacting with investors, analysts, bond holders and credit rating agencies. With a well-established two-way communication mechanism, the Group is able to keep them sufficiently informed of its latest development via both physical and virtual meeting platforms, where constructive advice is also received for the benefit of augmenting investor relations endeavours.

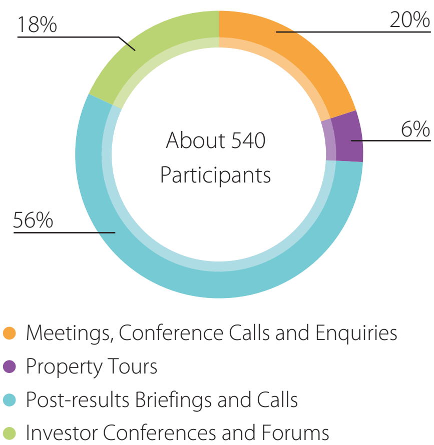
The Group has sought to enable a larger number of investors to understand its business and investment value by ensuring that timely and useful information is disclosed to the public. Information on financial performance, public announcements, results presentations and webcasts, interim and annual reports, sustainability reports as well as quarterly publications are published in a timely manner and are readily available on the Group's website, so that investors will be apprised of the Group's latest development as well as its business and sustainability performance to enable informed decision-making on investment.

During the year, the Group continued to take a proactive approach to engage with the investment community. Videoconferencing and webcasts partially supplemented physical meetings and conferences. With the normalization of financial events and activities while the pandemic was subsiding, the Group actively participated in in-person conferences and summits, along with hosting on-site property tours. The measured pace in resuming in-person post-results briefing with analysts enabled more efficient and effective feedback to the Group's senior management. Post-results meetings and luncheons were also held to enable an exchange of meaningful dialogues. Virtual meetings would still be arranged where appropriate.

With a growing awareness of incorporating ESG into operations, the Group has actively responded to ESG-specific meetings, calls and inquiries, addressing investors' questions on ESG initiatives and sustainability targets. Through this, valuable advice on reinforcing ESG performance has also been received. The Group also emphasizes the importance of enhancing transparency and proactive disclosure of sustainability initiatives. Updates on relevant information are made available to the public.

The Group has earned awards from some of the most distinguished financial publications, in recognition of its continuous aspiration to excellence across its businesses. Going forward, the Group will continue to engage in frequent dialogues with the investment community to enhance overall transparency.

Communications with the Investment Community in Financial Year 2022/23



Post-results-announcement analyst briefing

Major Investor Relations Events in Financial Year 2022/23

Quarter	Event
2022	
3rd Quarter	• Meetings and calls with analysts and investors • 2021/22 annual results announcement – Virtual analysts briefing – Post-results luncheon and calls with investors • Virtual investor conferences and forums • Property tour to residential projects
4th Quarter	• Investor conference in Hong Kong • Virtual investor conferences • Property tour to residential projects
2023	
1st Quarter	• Investor conferences in Hong Kong • 2022/23 interim results announcement – Analyst briefing – Post-results luncheon, meetings and calls with investors
2nd Quarter	• Investor conferences and summit in Hong Kong • Meetings and calls with analysts, investors and credit rating agencies • Property tour to residential projects

Awards

Financial Year 2022/23

Euromoney magazine

- Best Overall Developer in Hong Kong category
- Best Retail/Shopping Developer in Hong Kong category
- Best Residential Developer, China and Hong Kong categories
- Best Office/Business Developer in Hong Kong category
- Best Industrial/Warehouse Developer, Global, Asia Pacific and Hong Kong categories
- Best Sustainability Developer in Hong Kong category
- Best Data Centre Developer, Asia Pacific and Hong Kong categories
- Best Innovation Developer in Hong Kong category
- Best Mixed-use Developer in Hong Kong category

FinanceAsia magazine

- Hong Kong's Best Overall Company
- Hong Kong's Best Corporate ESG Strategy

Asiamoney magazine

- Overall Most Outstanding Company in Hong Kong
- Most Outstanding Company in Hong Kong – Real Estate Sector

Corporate Governance Asia magazine

- Asia's Best CEO
- Asia's Best CSR
- Hong Kong's Best Environmental Responsibility
- Hong Kong's Best Investor Relations Company
- Hong Kong's Best Investor Relations Professional
- Hong Kong's Best Corporate Communications

Bloomberg Businessweek/Chinese Edition

- ESG Leading Enterprise Award
- Leading Environmental Initiative Award
- Leading Social Initiative Award

Hong Kong Investor Relations Association

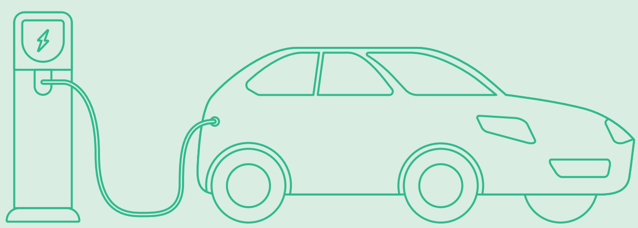
- Best IR Company (Large Cap)
- Best ESG (S) (Large Cap)
- Best Investor Presentation Material (Large Cap)
- Best Annual Report (Large Cap)

The Group's relentless pursuit of excellence has earned numerous awards and recognitions during the year

Sustainable Development

Sun Hung Kai Properties Hong Kong Cyclothon

The Group's malls introduce the Electric Vehicle Super Charging service



Sustainable Development

Residents can enjoy various attentive services through mobile apps

In keeping with its belief in Building Homes with Heart, the Group fosters sustainable development through accomplishing progressive goals in Environmental, Social and Governance (ESG). The Group's commitment to ESG and its respective performance are detailed in the *Sustainability Report* published annually.

During the year, the Group was listed in the *S&P Global Sustainability Yearbook* 2023 for the first time and was included in the first edition of the *S&P Sustainability Yearbook (China)* following thorough assessments, representing an honour for top-performing companies in corporate sustainability. In addition, the Group has been one of the top three companies in the Hang Seng Corporate Sustainability Index for four conservative years and a constituent member of the FTSE4Good Index Series since 2018. It also maintained an A rating in the MSCI ESG Ratings assessment in 2023, a testament to the Group's persistent sound management of financially relevant ESG risks and opportunities.

Commitment to Quality

The Group provides premium products and services that often exceed customer expectations. The three-year warranty for its new residential properties in Hong Kong, the first such quality assurance in the city, demonstrated the Group's commitment to and confidence in providing premium building standards and service. During the year, the Group won the Top 10 Developers Award at the BCI Asia Awards 2023, a recognition of leaders in architecture and construction across Asia. In the Quality Building Award 2022, the leading biennial contest in the industry, the Group's residential development Wetland Seasons Park won the Grand Award in the Hong Kong Residential (Multiple Buildings) category, a top honour in the category.

Throughout the years, the Group has sought to integrate nature and natural landscape into its projects. Recent examples have included the Wetland Seasons series and St Michel development. In addition to practical layouts, quality materials and exquisite workmanship, the Group's residential projects strive to meet customers' growing desire for a healthy lifestyle. In this regard, the Group has not only provided comprehensive fitness equipment and leisure facilities to residents, but also paid considerable attention to health-conscious construction and designs in the development of its projects. This is demonstrated by NOVO LAND, the first residential development in Hong Kong to obtain three internationally recognized certifications for healthy buildings, namely the WELL Community Standard™ pre-certification, WELL Building Standard™ version 2 pre-certification and a Fitwel two-star rating. To provide customers with refreshing shopping and leisure experiences, the outdoor space of the Group's shopping malls are revitalized from time to time, featuring sports, recreational and pet-friendly facilities.

A stringent inspection is carried out before property handover

The Point provides diversified services and privileges to continuously enhance customer experience

The Group has received wide recognition for its emphasis on developing green properties

The Group's malls clinched multiple awards in the 2022 Service Talent Award

The spirit of continuous improvement has underpinned the Group's efforts to leverage advanced technologies to raise building and service quality. Building Information Modelling (BIM) is implemented throughout the entire life cycle of its new buildings, from planning, design and construction through to property management, to ensure construction accuracy and enhance facility management. Through its designated mobile apps, the Group has enabled residents and tenants to enjoy the comfort and convenience of smart living. Some of its residential properties have deployed artificial intelligence (AI) face-recognition systems or bluetooth sensors, providing residents with a virtual key to allow for easy access to their buildings.

To offer greater convenience to residents, tenants and customers, the Group has made great strides to enhance the functions of its mobile apps, consisting of more attentive services. Apart from mobile apps of individual properties, the Group has continued to foster collaborations between two signature mobile app-based loyalty programmes, The Point covering the Group's major malls, and Go Royal by SHKP of the five Royal brand hotels, to enhance customer experience. As the two programmes share the same loyalty currency, members have greater flexibility to enjoy a plethora of privileges and rewards offered by the Group.

The Group's customer service teams serve residents, tenants and shoppers with a caring heart. This customer-centric approach has won the Group wide acclaim over the years. In the 2022 MAXI Awards, an international award for shopping malls organized by the International Council of Shopping Centers, the Group's retail portfolio in Hong Kong earned one gold and three silver awards. The Group was the only winning Hong Kong operator among a group of global participants. Its two malls in Guangzhou also clinched awards in the same programme.

The SHKP Club, the first and one of the largest developer-membership clubs in Hong Kong with over 490,000 members, is an effective vehicle for two-way communication between the Group and its customers. Through the Club's digital initiatives or face-to-face interviews, social media programmes and other member activities, the Group keeps abreast of market trends

The SHKP Club organizes property-themed seminars, which have received an overwhelming response

Diversified interest classes allow the staff to relax during their leisure time

Trainee programmes for graduates nurture management talent for the Group

and customer preferences for continuous improvement. During the year, the Club staged property-themed seminars, with project management personnel, surveyors, representatives from banks and telecommunication experts sharing home-buying information and smart home solutions with participants.

Continuous Staff Development

The Group regards its workforce of over 40,000 as its most valuable asset. With great emphasis on their professional and personal growth, the Group provides employees with extensive learning opportunities, clear career paths, competitive remuneration and comprehensive welfare in an effort to become an employer of choice.

To promote continuous learning, the Group organized thousands of classes in diverse disciplines for staff throughout the year. A broad spectrum of programmes and curricula, ranging from workplace adaption, customer service, new technology update, team building and leadership development, were designed to keep staff abreast of the times.

The Group has structured training programmes to enhance individual competence and support organizational development. Its Graduate Trainee, Graduate Surveyor and Graduate Engineer programmes attract and retain high-calibre graduates from leading local, mainland and overseas universities, contributing to a pipeline of quality talent. Following the removal of cross-border travel restrictions, the Group has invited overseas professors to share global best practices and innovative approaches for business and technological strategies. Talented staff gain an opportunity to participate in programmes at prestigious overseas universities.

In addition, two leadership development programmes were designed for supervisory and managerial staff to equip them with requisite competencies.

To facilitate employees' understanding of the operations of other teams, the Group has arranged regular departmental sharing sessions for staff members. This would also help boost team spirit and increase synergies between business units. In addition, courses on personal development, such as cultivating a resilient mindset and strengthening family bonds, have been organized for all employees. Staff are also encouraged to share their knowledge and interest with colleagues via the Learn@Lunch platform, which provides opportunities for employees to learn from each other.

Recognizing the growing importance of AI, the Group provides training in generative AI for staff members to learn its applications in the workplace. A curriculum on data literacy, which includes data storytelling and data analytics skills, was launched for all staff members. In addition, external experts were invited to lecture on property technology, green technology and quantum computing. Staff can join workshops to upscale their competence in big data, VR360, Google Analytics, video editing and more. A technology upskilling portal, which offers technology-related online courses and recorded webinars, is accessible to all staff members.

The Group promotes a culture of self-learning with abundant online learning resources. Programmes on customer service, language, and a wide range of soft skills in the format of short videos and bite-sized training are available to meet different needs. The Group also sponsors its staff to attend external job-related courses, ranging from short seminars to degree programmes up to master's level.

The Group places equal emphasis on the physical and mental wellness of employees. To develop a healthy lifestyle, the Group has continued to sponsor staff members to participate in sporting activities as an impetus. A 24-hour counselling and emotional-support hotline is provided to help them face difficult moments in life. The Group has also demonstrated its caring spirit towards their family members. Through the SHKP Group Undergraduate Scholarship Scheme, the Group supports the children of eligible staff to pursue a university education. It has also provided full subsidies for employees' children to join overseas exchange programmes through the Sun Hung Kai Properties Ltd – AFS Corporate Scholarships.

Commitment to the Environment

The Group has taken proactive measures to save energy and reduce emissions in every aspect of its operation. To comply with international standards for increasing disclosure of climate-related risks and opportunities, the Group commissioned third-party consultants to advise on reporting in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and to conduct a study of its scope 3[(1)] emissions. This would provide the Group with valuable insights for managing climate-related risks as part of its effort to help combat climate change and support the goal of carbon-neutrality for Hong Kong by 2050.

In addition to using smarter and greener ways to develop projects, the Group has increased its engagement in research on innovative green building technologies to help reduce the environmental impact of its operations and the entire industry. In November 2022, the Group and a local university signed a memorandum of understanding on building innovation and technology research projects. Outcomes of the scientific research would translate into useful applications helping Hong Kong to develop into a smart, carbon-neutral city. This partnership also marked a closer collaboration between the industry, academia and research sectors. To support growth of the industry, the Group also sponsored the university with the Building Homes with Heart Scholarship Programme that provides scholarships to outstanding students pursuing studies in construction, real estate or engineering-related disciplines.

(1) Scope 3 includes specific indirect emissions that occur in the upstream (e.g. supply chain) and downstream (e.g. customers) activities of an organization

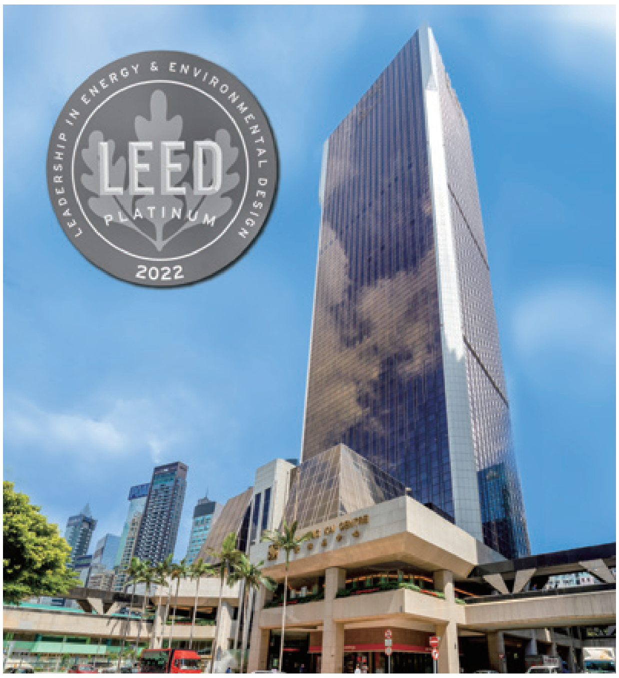
The Group remains committed to achieving Leadership in Energy and Environmental Design (LEED) Gold or Platinum ratings for its core commercial projects under development. The 98 How Ming Street project received Platinum pre-certifications from LEED, WELL and BEAM Plus, a testimony to its outstanding performance in energy saving, environmental protection and emissions reduction. The annual electricity consumption of The Millennity, the office portion of the project, is expected to be reduced by 15%. This will help reduce carbon dioxide emissions by 21,000 tonnes a year, equivalent to planting about 900,000 trees. In addition, it is anticipated that the office towers will be able to achieve an approximately 50% reduction in water consumption.

The Group constantly upgrades green facilities and management of its existing properties, benchmarking against recognized industry standards. In 2022, the Group's four landmark projects of ICC, Sun Hung Kai Centre, One IFC and Two IFC received LEED Platinum certification under the v4.1 Operations and Maintenance: Existing Buildings rating system. Sun Hung Kai Centre, the Group's headquarters built more than 40 years ago, is the longest-standing commercial property in Hong Kong to attain the honour, while Two IFC chalked up the highest marks in Hong Kong for such certification.

To promote the use of renewable energy, the Group is building one of the largest solar energy generation networks in Hong Kong, which is expected to comprise about 16,500 solar panels covering around 450,000 square feet by the end of 2024. The electricity generated by the network each year will be equivalent to the annual consumption of about 2,000 households. A key part of the network involves working with other partners to build the city's first solar farm on a landfill site

Introducing smart robots to support property management work

Sustainable Development



Sun Hung Kai Centre is the longest-standing commercial building in Hong Kong to attain LEED Platinum certification

in Tseung Kwan O. It will also look at the feasibility of building independent solar generation systems on agricultural land not yet ready for development.

During the year, the Group furthered its promotion of green commuting through launching the city's first rewards-redeemable super-fast EV charging service. The Point members can use bonus points to redeem this service, which not only provides them with greater convenience but also contributes to the HKSAR Government's effort to popularize EVs. Apart from this, the Group has continued to encourage its associate, Transport International Limited, to use new energy buses more extensively.

The Group's property management arm has introduced a variety of recycling programmes, such as collection of food waste which is turned into fertilizers, to encourage residents and tenants to go green in daily life. Some of the Group's managed properties have urban farms and guided tours to promote green living. At the community level, the Group reactivated beach and countryside clean-up events using the Nature Rescue mobile app in partnership with Green Power following the lifting of COVID-related measures. Since the app's launch in 2018, to date more than 160 clean-ups have already been organized via the app. During the year, Nature Rescue collaborated with The Point to incentivize its members and the public to participate in green missions through The Point bonus points.

Corporate Social Responsibility

The Group is committed to leveraging its resources and expertise to foster the long-term development of Hong Kong. Several steps have been taken to improve the living conditions of low-income groups, nurture young talent, reinforce social cohesion, and enhance the physical and mental well-being of the community.

The Group is one of the first developers to contribute to the HKSAR Government's plan to build light public housing. During the year, a plot of land in Yuen Long was lent to the Government for such purpose. This is another demonstration of the Group's effort to address short-term housing needs of the underprivileged following its support for a large-scale transitional housing project, and the Land Sharing Scheme. The Group also supported the Government's initiative of importing construction workers. It extended the lease for free of the plot of land in Tam Mi, Yuen Long for the HKSAR Government in converting the previous community isolation facility to a centralized living quarters for the imported workers.

To support the Government's Strive and Rise Programme, which aims to lift underprivileged junior secondary students out of intergenerational poverty, the Group made a monetary donation and recruited 250 employees to serve as volunteer mentors for the participating students. Coming from the Group's various business units, including construction, property management, hotels, retail, telecommunication and information technology, the mentors have broadened the students' horizons and helped them achieve their development plans. The students were also taken on a tour of Sky100 Hong Kong Observation Deck and a bus depot to increase their understanding of business operations.

The malls provide eco-friendly services and facilities to promote green lifestyle

The SHKP-Kwoks' Foundation meets with a delegation from Peking University

The Group sponsors the publication of Hong Kong Chronicles for Children

The Group also cares for the less fortunate through Noah's Ark Hong Kong, part of Ma Wan Park operated by the Group for not-for-profit purpose since 2007. During the year, Noah's Ark partnered with a social service agency and a charitable institution to launch the Heart – Arts & Games Journey programme, a two-month campaign with games and art-creation activities to assist deprived students to adapt to life after the pandemic. Noah's Ark once again collaborated with the Hong Kong Paralympic Committee to organize the Inclusive Para Sports Day to foster an inclusive society and raise public awareness about the wellness of the disabled.

Through its Building Homes with Heart Caring Initiative, the Group provides timely assistance to people in need and shares festive joy with underprivileged families. During the year, the SHKP Volunteer Team partnered with a social service agency to implement the Make a Friend, Connect with Suburban programme to support elderly singles and couples who live in villages, or who are squatters in Hung Shui Kiu. The volunteer team will also launch a one-year programme to help elderly households with limited financial means improve their home environment.

In addition, the Group promotes love and care in the community through the SHKP Club. In 2023, the Club launched the Most Heartfelt Home Moments Competition under its Loving Home Campaign, inviting members and the public to share their most sincere and unforgettable family stories.

With a commitment to nurturing the younger generation, the Group and its subsidiaries have implemented well-structured summer internship programmes for students to discover their potential and career interest. The Group also participated in the government's Scheme on Corporate Summer Internship on the Mainland and Overseas 2023, placing sub-degree, undergraduate or postgraduate students in different positions at its mainland offices. To help bring in new blood to the hotel industry, the Group collaborated with a local university to launch a large-scale experiential learning programme. More than 200 internship opportunities will be provided at nine of the Group's hotels. Apart from these, the SHKP-Kwoks' Foundation has engaged in more than 85 charity projects since its establishment in 2002, supporting over 70,000 people across the country to complete secondary, undergraduate and postgraduate education or receive professional training.

Building Homes with Heart Caring Initiative offers underprivileged families basic renovation and maintenance services

Sustainable Development

The Group continued its role as the title and charity sponsor of the Sun Hung Kai Properties Hong Kong Cyclothon, which returned last year

The Group is dedicated to supporting the development of innovation and technology in Hong Kong. During the year, the Group was appointed by the Chinese Academy of Sciences to serve as a professional corporate consultant to the Innovative Technology Forum, a platform to promote popular science education in Hong Kong. The Group also continued to enhance young people's interest in, and knowledge of, innovation and technology and promote STEM education through the SHKP Reading Club. In collaboration with the Hong Kong STEM Education Alliance, the Club organized the Read to Dream x Future Engineer Grand Challenge for two consecutive years, inviting primary and secondary school students to unleash their creativity in the application of science and technology in daily life. The Club's online reading platform Read for More provided the public, especially young people, with fresh and engaging content on STEM as well as Chinese culture, literature and personal growth. Furthermore, the Group's subsidiary SmarTone launched the 5G Ednovation Programme to provide tailor-made 5G smart learning solutions to primary and secondary schools.

While Hong Kong was returning to normal after the pandemic, the Group stepped up its sports-for-charity initiatives to encourage more sports participation in the community. As title and charity sponsor of the Sun Hung Kai Properties Hong Kong Cyclothon, the Group contributed to making Hong Kong a centre for major sports events. The Cyclothon made a return in

The SHKP Volunteer Team proactively supports the well-being of underprivileged families

The Group is the title sponsor of the Sun Hung Kai Properties Hong Kong 10K Championships

Clean-up events have been organized through Nature Rescue to help promote environmental conservation

December 2022 as the largest outdoor sports event of the year, attracting about 4,000 participants. To further support local sports development, the Group sponsored Sun Hung Kai Properties Hong Kong 10K Championships, Hong Chi Climbathon, Hike for Hospice, and Sun Hung Kai Properties Heung Yuen Wai Road Cycling Race cum Leisure Ride.

With a view to nurturing young cyclists for Hong Kong, the SHKP Cycling Academy founded in 2018 offers systematic track cycling training to secondary school students. More than 600 students have received training so far. Since 2019, the Group has sponsored the SHKP Supernova Cycling Team which saw 12 athletes represent Hong Kong in The National Games of China and international races. The Group once again sponsored the Hong Kong International Track Cup in 2023. This Union Cycliste Internationale (UCI) class-one event is perceived as a warm-up competition for the Hong Kong team to prepare for the Asian Cycling Championships.

The winning designs of the Read to Dream x Future Engineer Grand Challenge are displayed in the SHKP Reading Club's booth at the Hong Kong Book Fair

Corporate Governance Report

Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in an open and responsible manner and following good corporate governance practices serve its long-term interests and those of its shareholders. Details of the Group's investor relations initiatives and the recognition it has received for good management and corporate governance are set out under the "Investor Relations" section of this annual report.

Corporate Governance Practices

Rigorous standards of corporate governance enhance the Group's accountability and transparency, earning the confidence of its shareholders and the public. The Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the year ended 30 June 2023, except that there is no separation of the roles of chairman and chief executive.

The Board of Directors of the Company (the "Board") continues to monitor and review the Company's corporate governance practices to ensure compliance.

Corporate Culture

The Group is committed to developing and leasing premium properties with attentive service to residents, shoppers and tenants, both in Hong Kong and on the mainland. The Group promotes its corporate culture in alignment with its core values and vision, which enables the Group to deliver its long-term strategies and create sustainable value for its shareholders and other stakeholders. At the same time, the Group is committed to ensuring that its businesses are conducted lawfully, ethically and responsibly, and in accordance with high standards of business ethics and corporate governance. More information about the Group's core values and strategic direction is set out under the "Business Model and Strategic Direction" section of this annual report.

The Directors take the lead in promoting the desired corporate culture and ensuring that it is reflected consistently in the policies and operating practices of the Group. Corporate culture and expected behaviours are clearly communicated to employees of the Group through orientation and training and they are also freely accessible on the intranet of the Group. Cultural elements are included in the employee performance measurement to incentivize the desired culture. Various indicators (including employee feedback, internal control activities and breaches of code of conduct) are used for assessing and monitoring corporate culture.

Board of Directors

Board Composition

As at the date of this annual report, the Board has 20 Directors comprising ten Executive Directors, two Non-Executive Directors and eight Independent Non-Executive Directors. Further details of the composition of the Board are set out on page 2.

During the year ended 30 June 2023, Mr. Lau Tak-yeung, Albert, Ms. Fung Sau-yim, Maureen and Mr. Chan Hong-ki, Robert were appointed as Executive Directors of the Company all with effect from 23 August 2022.

Mr. Wu Xiang-dong, an Independent Non-Executive Director of the Company who will be retiring from office at the forthcoming annual general meeting of the Company (the "AGM") to be held on 2 November 2023, has informed the Company that he will not seek re-election as a Director of the Company.

An updated list of Directors identifying their roles and functions (the "Directors List") is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX"). Independent Non-Executive Directors are identified as such in the Directors List and all other corporate communications containing the names of the Directors.

Mr. Kwok Ping-luen, Raymond is an uncle of Mr. Kwok Kai-fai, Adam and Mr. Kwok Kai-chun, Geoffrey. He is also the father of Mr. Kwok Kai-wang, Christopher and Mr. Kwok Ho-lai, Edward. Mr. Kwok Kai-wang, Christopher is a cousin of Mr. Kwok Kai-fai, Adam and Mr. Kwok Kai-chun, Geoffrey, and the younger brother of Mr. Kwok Ho-lai, Edward. Save as disclosed above, there are no family or other material relationships among the members of the Board.

Board Diversity

The Company adopted a board diversity policy (the "Diversity Policy") setting out the approach to achieve diversity of the Board members in June 2013. The Company is committed to equality of opportunity and does not discriminate on the grounds of race, gender, age, disability, nationality or any other factors. It also recognizes and embraces the benefits of diversity in Board members. The Company sees diversity as a wide concept and believes that diversity of Board members can be achieved through consideration of a number of factors, including but not limited to background, age, gender, culture, industry experience, skills and knowledge, educational background and other qualities. The Company takes into account these factors based on its own business model and specific needs from time to time as well as the availability of suitable candidates in the market. The implementation and effectiveness of the Diversity Policy are subject to annual review.

The Board consists of 20 Board members with a diversity of perspectives in terms of age, gender, tenure of office, and professional and business experiences. During the year, female representation on the Board increased from one female Director to two female Directors. One of the female Directors is an Executive Director, representing 10% of the total number of Executive Directors on the Board who are also members of the senior management of the Group. The Company targets to maintain the current level of female representation at the Board level but the Company does not consider it necessary to set numerical targets and timelines for achieving board gender diversity for the time being. The Group has diverse business activities in different geographical areas. The Company considers that it is more important for it to retain flexibility in the dynamic environment in which it operates and to have an appropriate mix of diversity in its board based on its own needs from time to time and as and when suitable candidates are identified. The Group advocates a diverse and inclusive workplace that enables people with different backgrounds to work together. It also continues to promote gender diversity in the workforce by providing various training and guidance. As at 30 June 2023, the ratio of female to male in the workforce of the Group is approximately 1 to 1.31. Details on the Group's gender diversity ratio at workforce and initiatives taken are set out in the standalone Sustainability Report.

The Company requests the Directors to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved. The Directors' biographical information is set out on pages 156 to 167 and is also available on the website of the Company.

Board Independence

As at the date of this annual report, the Company has eight Independent Non-Executive Directors, representing more than one-third of the Board, and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from all Independent Non-Executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules (the "Independence Guidelines") and considers that they are independent. The retirement and re-election of the Independent Non-Executive Directors at the forthcoming AGM has been reviewed by the Nomination Committee and further details are set out in the section headed "Nomination Committee and Appointment of Directors" below.

The Board believes that the balance between Executive and Non-Executive Directors (including Independent Non-Executive Directors) is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the shareholders and the Group. Non-Executive Directors and Independent Non-Executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest and management process, and ensure that the interests of the shareholders are taken into account.

The Company has in place mechanisms to ensure independent views and input are available to the Board. The Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee are all chaired by Independent Non-Executive Directors, and while the majority of the members of the Remuneration Committee and the Nomination Committee are Independent Non-Executive Directors, the members of the Audit and Risk Management Committee only comprise Independent Non-Executive Directors. The Independent Non-Executive Directors meet the Chairman annually without the presence of the other Directors. No equity-based remuneration with performance-related elements is granted to the Independent Non-Executive Directors. Besides, they can seek independent professional advice at the Company's expense, if necessary. These mechanisms are subject to annual review to ensure their effectiveness.

Board Meetings

The Board meets at least four times a year, and a tentative schedule for regular Board meetings for each year is provided to the Directors prior to the beginning of each calendar year. In addition, at least 14 days' notice of all regular Board meetings together with the meeting agenda is given to all Directors such that all Directors are given the opportunity to include matters for discussion in the agenda. Meeting agenda and accompanying meeting papers are sent to all relevant Directors at least three days in advance of every regular Board meeting and committee meeting. Directors may participate in meetings in person, by phone or by other communication means. Between regularly scheduled Board meetings, Directors may approve various matters by way of passing written resolutions. Additional Board meetings may be convened, if necessary.

The Company Secretary assists the Chairman in preparing the agenda for the Board meetings and ensures that all applicable rules and regulations regarding the proceedings of the Board meetings are followed. Draft and final versions of minutes of each Board meeting are sent to all Directors for their comments and records respectively within a reasonable time. The Company also keeps detailed minutes of each Board meeting, which are available for inspection by all Directors.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group during the year ended 30 June 2023. During the year, the Board discussed the overall strategies of the Group, monitored its financial and operational performance, approved the annual and interim results of the Group, approved the convening of the 2022 AGM and related arrangements, and approved the appointment of three Executive Directors and an announcement regarding such appointment. In addition, it approved other announcements regarding the addition of a Renminbi counter for trading the shares of the Company on the main board of the Stock Exchange and the issuance of debt instruments by a wholly-owned subsidiary of the Company. It also approved the amendments to the terms of reference of the Audit and Risk Management Committee and the Remuneration Committee.

The Board held four regular meetings during the year ended 30 June 2023, and the attendance records of the Directors at the Board meetings are set out below:

Directors	**Meetings attended/held**
Executive Directors	
Kwok Ping-luen, Raymond *(Chairman & Managing Director)*	4/4
Wong Chik-wing, Mike *(Deputy Managing Director)*	4/4
Lui Ting, Victor *(Deputy Managing Director)*	4/4
Kwok Kai-fai, Adam	4/4
Kwok Kai-wang, Christopher	4/4
Tung Chi-ho, Eric	4/4
Fung Yuk-lun, Allen	4/4
Lau Tak-yeung, Albert	4/4
Fung Sau-yim, Maureen	4/4
Chan Hong-ki, Robert	4/4
Non-Executive Directors	
Kwan Cheuk-yin, William	4/4
Kwok Kai-chun, Geoffrey	3/4

Directors (cont'd)	Meetings attended/held
Independent Non-Executive Directors	
Yip Dicky Peter	4/4
Wong Yue-chim, Richard	3/4
Li Ka-cheung, Eric	4/4
Fung Kwok-lun, William	4/4
Leung Nai-pang, Norman	4/4
Leung Ko May-yee, Margaret	4/4
Fan Hung-ling, Henry	4/4
Wu Xiang-dong	1/4

Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Directors are given sufficient time for discussion at the Board meetings. Management is invited to join the Board meetings, where appropriate, to provide information to the Directors to enable the Board to make informed decisions. Where queries are raised by Directors, prompt and full responses will be given if possible.

Directors are required to declare their interests (if any) in the matters to be considered at the Board meetings in accordance with the articles of association of the Company (the "Articles of Association"). Should a potential conflict of interest involving a substantial shareholder or a Director arise, the matter will be dealt with by a physical meeting rather than by written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues. Pursuant to the Articles of Association, a Director who is considered to be materially interested in the matter shall abstain from voting on the resolution approving such matter.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors. In addition, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles of Association.

Chairman

Mr. Kwok Ping-luen, Raymond is the Chairman and Managing Director of the Company. This is at variance with code provision C.2.1 of the Code, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Although the positions of Chairman and Managing Director are not separate, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are two Non-Executive Directors and eight Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings of which they are members.

During the year ended 30 June 2023, the Chairman held a meeting with the Independent Non-Executive Directors without the presence of the other Directors, in which the Independent Non-Executive Directors can share their views and raise any issues in the absence of other Directors and management of the Company.

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or Alternate Director would be provided an induction package containing an overview of the Group's businesses and the applicable statutory and regulatory obligations of a director of a listed company, and he or she would receive a briefing on his or her responsibilities under the declaration and undertaking with regard to directors from an external lawyer of the Company.

The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are also issued to the Directors and the senior executives where appropriate to keep them abreast of any latest changes in applicable legal and regulatory requirements and corporate governance practices. In addition, where necessary, external experts will be invited to give seminars to the Executive Directors and the senior executives to update their skills and knowledge.

During the year ended 30 June 2023, a training package regarding anti-corruption was provided to the Directors. The Directors also participated in the following trainings:

	Types of training	
Directors	**Attending or giving talks at seminars and/or conferences and/or forums and/or briefings**	**Reading materials on various topics***
Executive Directors		
Kwok Ping-luen, Raymond	✓	✓
Wong Chik-wing, Mike	✓	✓
Lui Ting, Victor	✓	✓
Kwok Kai-fai, Adam	✓	✓
Kwok Kai-wang, Christopher	✓	✓
Tung Chi-ho, Eric	✓	✓
Fung Yuk-lun, Allen	✓	✓
Lau Tak-yeung, Albert		✓
Fung Sau-yim, Maureen	✓	✓
Chan Hong-ki, Robert	✓	✓
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	✓	✓
Non-Executive Directors		
Kwan Cheuk-yin, William	✓	✓
Kwok Kai-chun, Geoffrey		✓
Independent Non-Executive Directors		
Yip Dicky Peter	✓	✓
Wong Yue-chim, Richard		✓
Li Ka-cheung, Eric	✓	✓
Fung Kwok-lun, William	✓	✓
Leung Nai-pang, Norman		✓
Leung Ko May-yee, Margaret	✓	✓
Fan Hung-ling, Henry		✓
Wu Xiang-dong		✓

* *Topics include the Company's business, corporate governance matters, and directors' duties and responsibilities*

Compliance with Model Code

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for the Directors and the relevant employees who are likely to possess inside information of the Group (the "Relevant Employees") in their dealings in the Company's securities.

Before the Group's interim and annual results are announced, notifications will be sent to the Directors and the Relevant Employees to remind them not to deal in the securities of the Company during the blackout periods. In response to specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the year ended 30 June 2023.

Delegation by the Board

The Board directs and approves the Group's overall strategies. Given the diversity and volume of the Group's businesses, responsibilities for execution and daily operations are delegated to management. The Board gives clear directions as to management's power, and periodically reviews the delegations to management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

The Board has delegated specific roles and responsibilities to the Executive, Remuneration, Nomination, and Audit and Risk Management Committees. These Committees have specific terms of reference clearly defining their powers and responsibilities, and they are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action. Meetings of the Committees are convened as often as necessary and some decisions of the Committees are made by way of passing written resolutions.

Executive Committee

The Executive Committee was established in 1977 and now consists of all Executive Directors (including three members of the Executive Committee who were appointed by the Board as Executive Directors of the Company during the year) and three full time senior executives of the Group as its members. A list of the current members of the Committee and their biographical information are set out on page 2 and pages 156 to 168 respectively. In addition, three senior executives holding major positions in the Group have been invited by the Committee to attend its meetings regularly as associate members, and to contribute their experience and expertise to assist the Committee in its decision-making process. A list of the current associate members of the Committee is set out on page 168.

The Executive Committee meets regularly, usually once every week. It is primarily responsible for formulating business policies, making decisions on key business issues and policies, facilitating the approval of certain corporate actions and exercising the powers and authority delegated by the Board in respect of matters which arise between regularly scheduled Board meetings. A summary of the minutes of the meetings of, and the written resolutions passed by, the Executive Committee is provided to the Board for review at each regular Board meeting.

The Board has delegated to the Executive Committee its responsibilities to develop, review and monitor the policies and practices on corporate governance of the Group and to make recommendations to the Board, to review and monitor the Company's policies and practices on legal and regulatory compliance, to review and monitor the code of conduct and ethical behaviour applicable to the Directors and employees and the training and continuous professional development of Directors and senior management, and to review the Company's compliance with the Code and disclosures in the corporate governance reports.

During the year ended 30 June 2023, the Executive Committee oversaw the daily business operations of the Group and made key business decisions. In addition, the Committee reviewed the Company's compliance with the Code and the applicable statutory and regulatory requirements, and the disclosures in the corporate governance report. The Committee also approved the Sustainability Report of the Company. The attendance records of the members at the Committee meetings held during the year are set out below:

Committee members	Meetings attended/held
Kwok Ping-luen, Raymond	44/44
Wong Chik-wing, Mike	41/44
Lui Ting, Victor	43/44
Kwok Kai-fai, Adam	42/44
Kwok Kai-wang, Christopher	41/44
Tung Chi-ho, Eric	42/44
Fung Yuk-lun, Allen	38/44
Lau Tak-yeung, Albert	38/44
Fung Sau-yim, Maureen	44/44
Chan Hong-ki, Robert	43/44
Yung Sheung-tat, Sandy	42/44
Li Ching-kam, Frederick	41/44
Lam Ka-keung, Henry	44/44

Remuneration Committee

The Remuneration Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Dr. Li Ka-cheung, Eric, Mr. Kwan Cheuk-yin, William and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them are Independent Non-Executive Directors.

The Company has adopted the model to delegate the determination of the remuneration packages of individual Executive Directors to the Remuneration Committee. The Committee is responsible for formulating and recommending remuneration policy to the Board and reviewing and making recommendations on compensation-related issues. The fees for the Directors are subject to the approval of the shareholders at the general meetings in accordance with the Articles of Association. The Committee, with the assistance of the Head of Internal Affairs, consults with the Chairman on its proposals and recommendations if necessary, and also has access to independent professional advice if necessary. The Committee is also provided with sufficient resources enabling it to perform its duties. The Committee's specific terms of reference are available on the websites of the Company and HKEX.

During the year ended 30 June 2023, the Remuneration Committee reviewed the Directors' fees and the emoluments of the Executive Directors. The Remuneration Committee also reviewed and approved the remuneration packages of new Executive Directors appointed in August 2022. Particulars of the Directors' emoluments are set out in note 7 to the consolidated financial statements. The Committee held a meeting during the year and the attendance records of the members at the meeting are set out below:

Committee members	Meeting attended/held
Wong Yue-chim, Richard *(Chairman)*	1/1
Li Ka-cheung, Eric	1/1
Kwan Cheuk-yin, William	1/1
Leung Nai-pang, Norman	1/1

Nomination Committee and Appointment of Directors

The Nomination Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Mr. Kwan Cheuk-yin, William, Mr. Yip Dicky Peter and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them are Independent Non-Executive Directors.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on the appointment and re-appointment of Directors, and Board succession. A nomination policy setting out the current nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of the Directors, has been adopted by the Company. Under the policy, the Committee will evaluate potential candidates by considering various factors, including their professional expertise, industry and business experience, time commitments, potential contributions to board diversity, and material conflict of interest with the Group (if any). The Committee will also consider the independence of candidates with reference to the Independence Guidelines if they will be appointed as Independent Non-Executive Directors. The Committee will then make recommendation of suitable candidates to the Board for consideration of appointment. In case of re-appointment of existing Directors who will retire at AGMs, the Committee will review the rotation and retirement of Directors and make recommendations to the Board accordingly.

The Nomination Committee also reviews the size, structure and composition of the Board and the Board committees. Sufficient resources are provided to the Committee to enable it to perform its duties, and it can seek independent professional advice at the Company's expense if necessary. The Committee's specific terms of reference are available on the websites of the Company and HKEX.

During the year ended 30 June 2023, the Nomination Committee recommended the appointment of new Executive Directors to the Board for approval in August 2022, and reviewed the size, structure and composition of the Board and the Board committees, and the retirement and re-election of Directors at the forthcoming AGM, including the re-election of the retiring Independent Non-Executive Directors, in June 2023. In accordance with the nomination policy, the Committee reviewed the biographies of those Independent Non-Executive Directors who will be subject to retirement and re-election at the forthcoming AGM (the "Retiring INEDs"), and taking into consideration their knowledge, experience, capability and various diversity aspects as set out in the Diversity Policy as well as their contributions to the Company over the years, the Committee is of the view that the Retiring INEDs will continue to contribute to the Board with their respective perspectives, skills and experience.

In addition, none of the Retiring INEDs has any financial or family relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company, which could give rise to a conflict of interests situation or otherwise affect their exercise of independent judgement. The Nomination Committee believes that the Retiring INEDs remain committed to their role as Independent Non-Executive Directors of the Company and will continue to be independent.

Each of Dr. Li Ka-cheung, Eric and Mrs. Leung Ko May-yee, Margaret (being two of the Retiring INEDs) has served the Company for more than nine years, during which period they have provided professional advice and insight to the Board. They have in-depth understanding of the Group's business and operation and have also demonstrated strong independence by providing impartial views and comments at Board and/or Board committee meetings during their tenure of office. They have not taken part in the day-to-day management of the Company. The Nomination Committee considered that the long service of Dr. Li Ka-cheung, Eric and Mrs. Leung Ko May-yee, Margaret will not affect their exercise of independent judgment and was satisfied that each of Dr. Li Ka-cheung, Eric and Mrs. Leung Ko May-yee, Margaret has the required integrity and experience to continue fulfilling the role of an Independent Non-Executive Director.

In view of the above, the Nomination Committee believes that the re-election of the retiring Directors (including the Retiring INEDs) at the forthcoming AGM will be in the best interests of the Company and its shareholders as a whole and has agreed to nominate them to the Board to stand for re-election at the forthcoming AGM.

The Nomination Committee held a meeting during the year ended 30 June 2023 and the attendance records of the members at the meeting are set out below:

Committee members	Meeting attended/held
Wong Yue-chim, Richard *(Chairman)*	1/1
Kwan Cheuk-yin, William	1/1
Yip Dicky Peter	1/1
Leung Nai-pang, Norman	1/1

All Directors have formal letters of appointment setting out the key terms of their appointments. New Director appointed by the Board shall hold office until the next following AGM and shall then be eligible for re-election. In accordance with the Articles of Association, one-third of the Directors are required to retire from office by rotation and are eligible for re-election at each AGM. In addition, all Directors do not have a specific term of appointment and they are subject to retirement by rotation and are eligible for re-election at least once every three years. The re-election of all retiring Directors (including those Independent Non-Executive Directors who have served the Company for more than nine years) will be subject to separate resolutions to be approved at the AGM.

Audit and Accountability

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors also acknowledge their responsibility for preparing the financial statements that give a true and fair view of the Group's financial position on a going-concern basis, and for presenting a balanced, clear and understandable assessments in its annual and interim reports, other inside information announcements and other financial disclosures. All Board members are provided with monthly updates, including contracted property sales updates, upcoming projects, leasing and hotel project updates, land acquisition, major investment projects under development and financial position, which give the Directors a balanced and understandable assessment of the performance, position and prospects of the Group. Management provides all relevant information to the Board, giving the members sufficient explanation and information they need to discharge their responsibilities. A statement by the external auditor of the Company in respect of its reporting responsibilities is set out in the Independent Auditor's Report.

Audit and Risk Management Committee

The Audit Committee was established in 1999 and was renamed as the Audit and Risk Management Committee in June 2016 to reflect its role in risk management. The Committee is chaired by Dr. Li Ka-cheung, Eric, and other members of the Committee are Mr. Yip Dicky Peter, Dr. Leung Nai-pang, Norman and Professor Wong Yue-chim, Richard. All members of the Committee are Independent Non-Executive Directors.

No former partner of the Company's existing auditing firm acted as a member of the Audit and Risk Management Committee within two years from the date of his ceasing to be a partner or to have any financial interest in the auditing firm.

The duties of the Audit and Risk Management Committee include:

– reviewing the Group's financial statements and annual reports and accounts, and interim reports before submitting them to the Board;

– reviewing the Group's financial controls, and its risk management and internal control systems;

– ensuring that management has fulfilled its duty to establish and maintain an effective risk management and internal control systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting function, as well as those relating to the Company's environmental, social and governance ("ESG") performance and reporting;

– considering major investigation findings on risk management and internal control matters;

- reviewing the internal audit programme and ensuring the internal audit function is adequately resourced and effective;

- reviewing the Group's financial and accounting policies and practices;

- reviewing the external auditor's management letter and questions raised by the external auditor to management, and management's response to such questions;

- reporting to the Board on matters required to be performed by the Committee under the applicable code provisions of the Code;

- meeting with the external auditor to discuss issues regarding audit at least once a year in the absence of management; and

- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters.

The Audit and Risk Management Committee is provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Committee are available on the websites of the Company and HKEX.

The Audit and Risk Management Committee held four meetings during the year ended 30 June 2023. It had reviewed the interim and annual results of the Group, and discussed and approved the relevant financial reports; reviewed the Group's risk management and internal control systems, the risk assessment result and the internal audit activities; and discussed the audit plans of the external auditor and the internal audit plans. Two private sessions between the members of the Committee and the external auditor without the presence of management had been arranged in these meetings. The attendance records of the members at the Committee meetings are set out below:

Committee members	**Meetings attended/held**
Li Ka-cheung, Eric *(Chairman)*	4/4
Yip Dicky Peter	4/4
Leung Nai-pang, Norman	4/4
Wong Yue-chim, Richard	4/4

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit and Risk Management Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in non-audit services will not impair its audit independence or objectivity. An independence confirmation has been obtained from the external auditor which confirmed that during the course of its audit on the Group's consolidated financial statements for the year ended 30 June 2023 and thereafter to the date of the annual report, it is independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

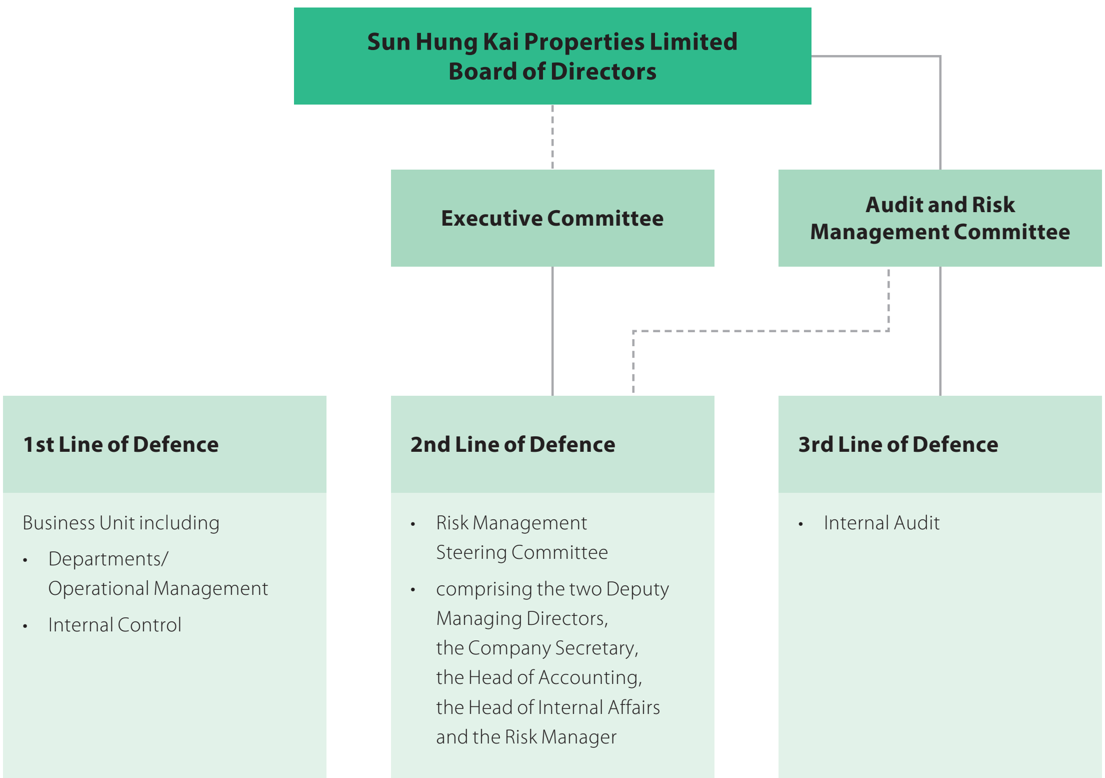
The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the external auditor for the year ended 30 June 2023 amounted to approximately HK$23 million and HK$9 million respectively. The non-audit services mainly consist of consultancy, taxation, review and other reporting services. These fees have been reviewed by the Audit and Risk Management Committee.

Risk Management and Internal Control

The Group has diverse business activities in Hong Kong, on the mainland and in Singapore and is exposed to different risks in a dynamic environment. Effective risk management is therefore essential for the long-term growth and sustainability of the businesses of the Group. The Board is responsible for the overall strategy and development of the Group's businesses; for setting its corporate goals and risk appetite; for establishing and maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests; and for reviewing the effectiveness of the systems. The Board assesses the effectiveness of the risk management and internal control systems through the reviews performed by the Audit and Risk Management Committee, executive management and both internal and external auditors. It should be acknowledged that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management

The Group's risk governance structure is guided by the "Three Lines of Defence" model as shown below:



First Line of Defence

Each business unit including department/operational management and internal control (collectively the "Business Unit") has the duty to manage its own risks in the course of its daily operations, including:

(i) establishing its own risk management measures for identifying, measuring, mitigating and monitoring its own risks;

(ii) designing and executing control procedures to mitigate the risks identified;

(iii) completing a risk assessment template and submitting its assessment results to the Risk Management Steering Committee twice a year;

(iv) operating in a manner that is in line with the risk appetite of the Group; and

(v) implementing any risk action plans as advised by the Risk Management Steering Committee and/or the Internal Audit Department and/or the Audit and Risk Management Committee to address any significant risks that may affect its operation.

Second Line of Defence

The Risk Management Steering Committee is under the direct supervision of the Executive Committee and also accountable to the Audit and Risk Management Committee. Members of this Committee comprise the two Deputy Managing Directors, the Company Secretary, the Head of Accounting, the Head of Internal Affairs and the Risk Manager. The Risk Management Steering Committee is primarily responsible for:

(i) providing assistance to the Board and the Audit and Risk Management Committee in overseeing and monitoring the operation of the risk management and internal control systems;

(ii) reviewing the risk assessment results submitted by each Business Unit, providing support and guidance to them, and putting forward any risk action plans for implementation by them;

(iii) reporting its work done to the Audit and Risk Management Committee twice a year; and

(iv) proposing any enhancement to the risk management and internal control systems for consideration by the Audit and Risk Management Committee and/or the individual Business Unit concerned.

Third Line of Defence

The Internal Audit function is performed by the Group's Internal Audit Department, which is primarily responsible for:

(i) performing audits to evaluate the proper functioning of the risk management and internal control systems;

(ii) reporting its findings to the Audit and Risk Management Committee and providing the Committee with an independent and objective assurance on the effectiveness of the risk management and internal control systems of the Group;

(iii) putting forward any risk action plans for implementation by the relevant Business Units concerned; and

(iv) proposing any enhancement to the risk management and internal control systems for consideration by the Audit and Risk Management Committee and/or the Risk Management Steering Committee and/or the individual Business Unit concerned.

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in overseeing the risk management and internal control systems of the Group, including:

(i) reviewing the risk management and internal control systems of the Group with the Internal Audit Department twice a year to ascertain whether management has fulfilled its responsibilities in establishing and maintaining effective systems;

(ii) reviewing the risk assessment results, including changes in the nature and extent of significant risks since the last review and the Group's ability to respond to changes in its business and the external environment;

(iii) discussing with management on the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting to ensure that these are adequate;

(iv) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(v) identifying any significant risks that should be drawn to the attention of the Board;

(vi) putting forward any risk action plans for implementation by the relevant Business Units concerned; and

(vii) reviewing and considering any enhancement to the risk management and internal control systems as proposed by the Risk Management Steering Committee and/or the Internal Audit Department.

Board of Directors

The Board has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems, including:

(i) setting the Group's strategies and corporate goals;

(ii) evaluating and determining the nature and extent of the risks it is willing to take in achieving its strategic and business objectives;

(iii) overseeing management in the design, implementation and monitoring of the risk management and internal control systems;

(iv) overseeing the risk management and internal control systems on an ongoing basis, and ensuring that a review of the systems is conducted twice a year to ensure their effectiveness;

(v) reviewing the changes in the nature and extent of significant risks since the last review and the Group's ability to respond to changes in its business and the external environment;

(vi) considering the scope and quality of management's ongoing monitoring of risks and of the internal control systems;

(vii) considering the extent and frequency of communication of monitoring results to the Board; and

(viii) considering any significant control failings or weaknesses that have been identified during the period.

Internal Control

Risk management is integrated with the Group's internal control system which was developed based on the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) principles as follows:

(i) Control Environment

- demonstrates a commitment to integrity and ethical values
- the Board demonstrates independence from management and exercises oversight of the development and performance of internal control
- management establishes, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives
- demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives
- holds individuals accountable for their internal control responsibilities in the pursuit of objectives

(ii) Risk Assessment

- specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives
- identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed
- considers the potential for fraud in assessing risks to the achievement of objectives
- identifies and assesses changes that could significantly impact the system of internal control

(iii) Control Activities

- selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels
- selects and develops general control activities over technology to support the achievement of objectives
- deploys control activities through policies that establish what is expected and procedures that put policies into place

(iv) Information and Communication

- obtains or generates and uses relevant, quality information to support the functioning of internal control
- internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- communicates with external parties regarding matters affecting the functioning of internal control

(v) Monitoring Activities

- selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning
- evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate

The internal control system aims at safeguarding assets from inappropriate use, maintaining proper accounts, ensuring compliance with laws and regulations, and enabling timely identification and management of key risks that may have impact on the Group. Management is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems. The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and Business Units covering project development, tendering, sales and leasing, financial reporting, human resources and computer systems.

A code of conduct is maintained and communicated to all employees for compliance. In addition, whistleblowing mechanism is in place for our employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns in confidence and anonymity about suspected misconducts, malpractices or fraudulent activities relating to the Group. The identity of the whistleblower will be treated with the strictest confidence. The Company has also established an anti-corruption policy that promotes and supports all applicable anti-corruption laws and regulations in force in the jurisdictions in which the Group has operations.

The Company has a policy on inside information in place setting out the principles and procedures for handling and disclosing inside information of the Group in compliance with the relevant requirements under Part XIVA of the Securities and Futures Ordinance and the Listing Rules, and such policy has been communicated to the relevant senior executives of the Group. The policy contains provisions for establishing an internal committee to ascertain whether certain information constitutes inside information of the Group, and (where necessary) for escalating the matter to the senior management of the Group for final determination. To prevent inadvertent disclosure of inside information, the policy also prescribes certain measures in place, including restricting access to inside information to employees on a need-to-know basis, requiring documents and files containing inside information to be kept in a safe place, and requiring that confidentiality agreements be made with external parties in appropriate cases.

Key Risk Factors

The following section lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below:

Risks Pertaining to the Property Market in Hong Kong

A substantial part of the Group's property portfolio is located in Hong Kong, and a substantial part of the Group's revenue is derived in Hong Kong. As a result, general state of the economy and the property market, stock market performance, legislative and regulatory changes, government policies and political conditions, interest rate changes, labour market conditions, availability of financing, supply chain disruption and outbreak of and measures to combat epidemic diseases in Hong Kong may have a significant impact on the Group's operating results and financial conditions. For instance, profitability of the property development business may be affected due to deteriorating economic conditions or intense competition from other developers and property owners. The government may maintain property cooling measures, which may have a significant bearing on the property market and adversely affect the Group's property sales performance and financial condition. Construction work may not be completed on schedule or within budget due to supply chain disruption or shortage of labour. Launch of new property projects may be affected as a result of the outbreak of epidemic diseases, intense competition from other developers or unfavorable market conditions. Further growth of the Group's property development business may also be impacted by the supply and price levels of land in Hong Kong.

Rental levels in Hong Kong are subject to competition arising from supply in the primary sector. In addition to the economic and market conditions mentioned above, other domestic and external economic and political factors including but not limited to supply and demand conditions, and stock market performance may affect the Group's property investment business. Retail rent and occupancy levels may also be affected as a result of the outbreak of epidemic diseases or change in consumer behaviour.

Risks Pertaining to the Property Market on the Mainland

The Group has material interests in residential and commercial property development and property investment on the mainland and is therefore subject to the risks associated with the mainland property market. The Group's operations on the mainland may also be exposed to the risks of policy changes, currency fluctuation, interest rate changes, demand-supply imbalance, changes in the overall economic conditions, competition in the labour market, availability of financing, supply chain disruption and outbreak of and measures to combat epidemic diseases, which may pose an adverse impact on the Group's business, financial condition or results of operations.

Operational Risks

The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems, leakage of sensitive information by hacking or accidents, inadequate responses to negative events which may have adverse impact on reputation, an outbreak of epidemic diseases or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to financial loss, litigation, or damage in reputation.

ESG Risks

Riding on the COSO principles where our risk management and internal control systems are based, the Group is integrating ESG risks into its risk management and internal control systems to better manage enterprise-wide risks. Some of the ESG risks are of particular concern to the Group including climate change, energy efficiency and waste management for environmental aspect; community investment and engagement, tenant/customer engagement and responsible supply chain management for social aspect; and ethics and integrity, information privacy and risk and crisis management for governance aspect. Such integration can provide additional strategic and operational leverage for the Group as it seeks to succeed and grow in today's turbulent environment. The Sustainability Steering Committee is appointed to supervise and manage sustainability issues across operations, including evaluation of the ESG related risks and execution of the sustainability strategy. The ESG related risks, strategies and initiatives are included in the annual Sustainability Report.

Mitigating Principal Risks Faced by the Group

The risk management and internal control systems have been designed to operate proactively to ensure that principal risks are not only identified, measured and monitored but also mitigated. Under such systems, management staff of various departments would identify suitable internal controls and countermeasures to mitigate principal risks faced by the Group. When formulating mitigating measures, important factors such as regulatory requirements, risk appetite, adequacy and effectiveness of mitigating actions proposed, risk owners in place to implement risk mitigating measures, and feasibility of transferring risks to third parties were taken into consideration. The objective of these risk mitigating plans is to ensure that principal risks are well managed and governed effectively.

In addition, the Group set up a crisis management taskforce to coordinate, respond to and tackle ad hoc events and key issues and risks in an effective manner. Co-led by two Deputy Managing Directors, the taskforce comprises senior management members of major Business Units.

Past Performance and Forward-Looking Statements

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (i) any obligations to correct or update the forward-looking statements or opinions contained in this annual report; and (ii) any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

Effectiveness of Risk Management and Internal Control Systems

During the year ended 30 June 2023, the Risk Management Steering Committee has worked with major Business Units and senior management to enhance the risk management and internal control systems. Activities included updating the risk assessment templates to include risk predictors (which are critical predictors of unfavourable events that can adversely impact individual Business Units concerned), and providing risk training to and maintaining ongoing interactive dialogues with the Business Units. It has also reviewed the major risks for operations in Hong Kong and on the mainland.

The Group's Internal Audit Department, which has been established for more than 30 years, performs independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The department has direct access to the Audit and Risk Management Committee and has rights to access all records, assets and personnel as stipulated in the Internal Audit Charter. The department follows a risk-based approach to formulate the audit plan that focuses on the top risks identified. The risks for departments and Business Units are assessed using the pre-determined risk criteria. The assessment results are consolidated and ranked from an enterprise-wide perspective. The Audit and Risk Management Committee reviews and approves annually the audit plan, which is formulated based on the risk assessment result. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit and Risk Management Committee. The department monitors the follow-up actions agreed upon in response to recommendations.

The Board through the Audit and Risk Management Committee reviewed the risk assessment results, and the risk management and internal control systems of the Group for the year ended 30 June 2023, including financial, operational and compliance controls. The review includes considering the internal control evaluations conducted by executive management and the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions as well as those relating to the Group's ESG performance and reporting. Based on the result of the review, the Board considered that for the year ended 30 June 2023, the risk management and internal control systems of the Group were effective and adequate.

Shareholder Relations

Dividend Policy

The Company has adopted a dividend policy which aims to provide shareholders of the Company with a sustainable dividend and to pay out 40% to 50% of the underlying net profit of the Group. In determining the dividend amount, the Board will take into account a number of factors such as the Group's financial performance, future capital expenditures and financial position as well as the general economic and business conditions. The policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions.

Shareholders' Communication Policy

The Board established a shareholders' communication policy (the "Shareholders' Communication Policy") setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that its communications with the shareholders are timely, transparent, accurate and open. Information will be communicated to the shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars) and AGMs, as well as disclosures on the website of the Company.

Interim reports, annual reports and circulars are sent to the shareholders in a timely manner and are also available on the websites of the Company and HKEX. The Company's website provides shareholders with its corporate information, such as its principal business activities and major property projects, the corporate governance practices and sustainable development of the Group. For efficient communication with shareholders and in the interest of environmental protection, arrangements are made to allow shareholders to elect to receive corporate communications of the Company by electronic means through the Company's website.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any queries that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact the share registrar of the Company if they have any enquiries about their shareholdings and entitlements to dividend.

The Company is committed to protecting the privacy right on all personal data collected from shareholders. When collecting personal data from the shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided for accessing and correcting this personal data.

The Company through the Executive Committee has reviewed the Shareholders' Communication Policy. Having considered the multiple channels in place for shareholders to communicate their views, the Executive Committee was satisfied that the Shareholders' Communication Policy was appropriate and effective, and had been properly implemented during the year.

Annual General Meeting

The AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions on each substantially separate matter to the shareholders for their consideration and approval. Members of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, and the external auditor also attend the AGM to answer questions from shareholders. Simultaneous interpretation is provided to facilitate smooth and direct communication between shareholders and Directors.

AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of AGM is distributed to all shareholders at least 21 clear days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required to be disclosed under the Listing Rules. The chairman of the AGM exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for conducting a poll are explained at the meeting prior to the polls being taken and the share registrar of the Company acts as the scrutineer for the vote-taking at the meeting. An announcement setting out the voting results and the attendance of the Directors at the AGM is available on the websites of the Company and HKEX on the day of the AGM.

The 2022 AGM was held on 3 November 2022 at the Company's headquarters. Businesses transacted at the 2022 AGM included the adoption of audited consolidated financial statements, the approval of final dividend, the re-election of Directors and fixing of the Directors' fees, the re-appointment of auditor and the renewal of general mandates with respect to the buy-back of shares and the issue of new shares.

The attendance records of the Directors at the 2022 AGM are set out below:

Directors	AGM attended
Executive Directors	
Kwok Ping-luen, Raymond *(Chairman & Managing Director)*	✓
Wong Chik-wing, Mike *(Deputy Managing Director)*	✓
Lui Ting, Victor *(Deputy Managing Director)*	✓
Kwok Kai-fai, Adam	✓
Kwok Kai-wang, Christopher	✓
Tung Chi-ho, Eric	✓
Fung Yuk-lun, Allen	✓
Lau Tak-yeung, Albert	✓
Fung Sau-yim, Maureen	✓
Chan Hong-ki, Robert	✓
Non-Executive Directors	
Kwan Cheuk-yin, William	✓
Kwok Kai-chun, Geoffrey	
Independent Non-Executive Directors	
Yip Dicky Peter	✓
Wong Yue-chim, Richard	
Li Ka-cheung, Eric	✓
Fung Kwok-lun, William	✓
Leung Nai-pang, Norman	✓
Leung Ko May-yee, Margaret	✓
Fan Hung-ling, Henry	✓
Wu Xiang-dong	

Shareholder(s) holding at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can send a request to the Company to convene a general meeting pursuant to Section 566 of the Companies Ordinance. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form.

Besides, Section 615 of the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the AGM; or (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM may request the Company to circulate a notice of a resolution for consideration at the AGM. Such request must identify the resolution to be moved at the AGM and must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form not later than six weeks before the relevant AGM or if later, the time when the notice of the AGM is despatched.

During the year ended 30 June 2023, no amendment was made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Company and HKEX.

Directors' Report

The Directors are pleased to present their report together with the consolidated financial statements of the Group for the year ended 30 June 2023, which were approved by the Board of Directors (the "Board") on 7 September 2023.

Principal Activities

The principal activity of the Company is investment holdings.

The principal activities of the Group are the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics, and data centre operations. Other ancillary and supporting businesses, which are described under principal subsidiaries, joint ventures and associates on pages 236 to 244, are integrated with the main business of the Group. An analysis of the Group's performance for the year by reportable and operating segments in business operation and geographical area is set out in note 3 to the consolidated financial statements.

Business Review

A fair review of the Group's business, an indication of its likely future development and an analysis of it using financial key performance indicators as well as particulars of important events affecting the Group that have occurred since the end of the year ended 30 June 2023 (if any) are discussed in the "Financial Highlights and Land Bank", "Five-Year Financial Summary", "Chairman's Statement", "Business Model and Strategic Direction", "Review of Operations" and "Financial Review" sections on pages 4 to 99. A description of the principal risks and uncertainties facing the Group is set out in the "Corporate Governance Report" on pages 126 and 127. An account of the Group's key relationships with its stakeholders and a discussion on the Group's environmental policies and performance are included in the "Investor Relations" and "Sustainable Development" sections on pages 100 to 111 and the standalone Sustainability Report. The above discussions form part of this report.

The Residential Properties (First-hand Sales) Ordinance regulates the sales of first-hand uncompleted and completed residential properties in Hong Kong, with a view to enhancing the transparency, fairness and consumer protection of the sales of first-hand residential properties. The Group takes particular care to comply with the requirements of this ordinance in relation to, among other things, sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements, and mandatory provisions for preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties, not only through established internal procedures, but also by engaging external professional advisors including architects, surveyors and solicitors in checking the accuracy of the information contained in the relevant documents made available to the public in connection with such sales.

In relation to human resources, the Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, and ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees, customers, tenants and purchasers of its properties, members of the SHKP Club and owners of properties under its management.

On the corporate level, the Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (the "SFO") for, among other things, the disclosure of information and corporate governance matters, and the Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Directors' Report

Group Profits

Profit after taxation for the year ended 30 June 2023, including share of results from joint ventures and associates, amounted to HK$24,575 million (2022: HK$26,131 million). After taking non-controlling interests into account, profit attributable to the Company's shareholders was HK$23,907 million (2022: HK$25,560 million).

Dividends

An interim dividend of HK$1.25 per share (2022: HK$1.25 per share) was paid on 16 March 2023. The Board has recommended a final dividend of HK$3.70 per share (2022: HK$3.70 per share), making a total dividend of HK$4.95 per share for the full year ended 30 June 2023 (2022: HK$4.95 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Thursday, 2 November 2023 (the "2023 Annual General Meeting"), will be payable in cash on Thursday, 16 November 2023 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 8 November 2023. Shares of the Company will be traded ex-dividend as from Monday, 6 November 2023.

Shares Issued

No shares were issued by the Company during both the years ended 30 June 2022 and 2023.

Details of the share capital of the Company are set out in note 29 to the consolidated financial statements and on pages 179 and 180 respectively.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2023.

Reserves

Movements in the reserves of the Company and the Group during the year are shown in note 31 to the consolidated financial statements and on pages 179 and 180 respectively.

Investment Properties, and Property, Plant and Equipment

Movements in investment properties, and in property, plant and equipment during the year are shown in notes 12 and 13 to the consolidated financial statements respectively.

Five-Year Financial Summary

The results, assets and liabilities of the Group for the last five financial years are summarized on page 6.

Property Development and Property Investment

Particulars of major property development and property investment in Hong Kong held by the Group are set out on pages 38 and 39, and pages 52 and 53 respectively; and particulars of major property development and property investment on the mainland held by the Group are set out on pages 68 and 69, and pages 78 and 79 respectively.

Directors

The list of Directors and their biographical information as at the date of this report are set out on page 2, and pages 156 to 167 respectively.

During the year, Mr. Lau Tak-yeung, Albert, Ms. Fung Sau-yim, Maureen and Mr. Chan Hong-ki, Robert were appointed as Executive Directors of the Company with effect from 23 August 2022. All other Directors held office for the whole year.

In accordance with Article 103(A) of the articles of association of the Company (the "Articles of Association"), Mr. Wong Chik-wing, Mike, Mr. Lui Ting, Victor, Dr. Li Ka-cheung, Eric, Mrs. Leung Ko May-yee, Margaret, Mr. Wu Xiang-dong, Mr. Kwok Kai-chun, Geoffrey and Mr. Fung Yuk-lun, Allen will retire from office at the 2023 Annual General Meeting. Mr. Wu Xiang-dong has informed the Company that he will not seek re-election while the remaining retiring Directors, being eligible, have offered themselves for re-election at the 2023 Annual General Meeting. Dr. Li Ka-cheung, Eric and Mrs. Leung Ko May-yee, Margaret, both being Independent Non-Executive Directors, have served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, their re-election will be subject to separate resolutions to be approved at the 2023 Annual General Meeting.

Details regarding the re-election of the above Directors at the 2023 Annual General Meeting are set out in the circular to the Shareholders published together with this report.

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

The Company has received from each Independent Non-Executive Director a confirmation of his or her independence pursuant to the independence guidelines under the Listing Rules, and considers that all the Independent Non-Executive Directors are independent.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is kept at the registered office of the Company and available for inspection by the Shareholders during office hours.

Directors' and Chief Executives' Interests

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

1. Long positions in shares and underlying shares of the Company

	Number of shares held							
Name of Directors	**Personal interests (held as beneficial owner)**	**Family interests (interests of spouse or child under 18)**	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of issued voting shares as at 30.06.2023**
Kwok Ping-luen, Raymond	188,743	1,580,000[1]	–	550,237,686[2&7]	552,006,429	–	552,006,429	19.05
Wong Chik-wing, Mike	497,695	–	–	–	497,695	–	497,695	0.02
Lui Ting, Victor	160,000	–	–	–	160,000	–	160,000	0.01
Wong Yue-chim, Richard	5,000	1,000[1]	–	–	6,000	–	6,000	0.00
Li Ka-cheung, Eric	–	4,028[1]	–	–	4,028	–	4,028	0.00
Fung Kwok-lun, William	220,000	9,739[1]	–	–	229,739	–	229,739	0.01
Leung Nai-pang, Norman	20,000	10,833[1]	–	–	30,833	–	30,833	0.00
Leung Ko May-yee, Margaret	15,372	–	–	–	15,372	–	15,372	0.00
Kwok Kai-chun, Geoffrey	–	–	–	671,789,872[4,5,7&8]	671,789,872	–	671,789,872	23.18
Kwok Kai-fai, Adam	–	–	32,000[3]	678,763,747[6,7&8]	678,795,747	–	678,795,747	23.42
Kwok Kai-wang, Christopher	110,000[9]	60,000[1]	–	677,191,101[2,7&8]	677,361,101	–	677,361,101	23.38
Chan Hong-ki, Robert	100,000	–	–	–	100,000	–	100,000	0.00
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	32,000	–	–	677,191,101[2,7&8]	677,223,101	–	677,223,101	23.37

Notes:

1. *These shares in the Company were held by the spouse of the Director concerned.*

2. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 550,237,686 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

3. *These shares in the Company were held by a corporation wholly-owned and controlled by Mr. Kwok Kai-fai, Adam.*

4. *Mr. Kwok Kai-chun, Geoffrey was deemed to be interested in 211,173,896 shares in the Company by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO.*

5. *Mr. Kwok Kai-chun, Geoffrey was also deemed to be interested in 333,662,561 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.*

6. *Mr. Kwok Kai-fai, Adam was deemed to be interested in 551,810,332 shares in the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.*

7. *Of the said 550,237,686 shares, 333,662,561 shares and 551,810,332 shares in the Company as stated in Notes 2, 5 and 6 above respectively, Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 102,479,723 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

8. *Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 126,953,415 shares in the Company by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

9. *These shares in the Company were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.*

2. *Long positions in shares and underlying shares of associated corporations of the Company*

(a) SUNeVision Holdings Ltd. ("SUNeVision")

	Number of shares held						
Name of Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Sub-total	Number of underlying shares held under equity derivatives[1]	Total	% of issued voting shares as at 30.06.2023
Kwok Ping-luen, Raymond	–	–	3,485,000[2&3]	3,485,000	–	3,485,000	0.15
Wong Chik-wing, Mike	218,000	–	–	218,000	–	218,000	0.01
Lui Ting, Victor	356	–	–	356	–	356	0.00
Leung Nai-pang, Norman	341,000	142[4]	–	341,142	–	341,142	0.01
Leung Ko May-yee, Margaret	1,000	2,000[4]	–	3,000	–	3,000	0.00
Kwok Kai-chun, Geoffrey	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-fai, Adam	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-wang, Christopher	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57
Fung Yuk-lun, Allen	4,000,000	–	–	4,000,000	8,000,000	12,000,000	0.51
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57

Notes:

1. *These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SUNeVision under its share option scheme. Details of the share options are set out in the section headed "Share Option and Share Award Schemes" below.*

2. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 2,140,000 shares in SUNeVision by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

3. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were also deemed to be interested in 1,345,000 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

4. *These shares in SUNeVision were held by the spouse of the Director concerned.*

5. *Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 9,787,658 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

(b) SmarTone Telecommunications Holdings Limited ("SmarTone")

Name of Directors	Number of shares held: Personal interests (held as beneficial owner)	Other interests	Sub-total	Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 30.06.2023
Kwok Ping-luen, Raymond	–	5,162,337[1]	5,162,337	–	5,162,337	0.47
Kwok Kai-chun, Geoffrey	–	6,849,161[2]	6,849,161	–	6,849,161	0.62
Kwok Kai-fai, Adam	–	6,849,161[2]	6,849,161	–	6,849,161	0.62
Kwok Kai-wang, Christopher	–	12,011,498[1&2]	12,011,498	–	12,011,498	1.09
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	12,011,498[1&2]	12,011,498	–	12,011,498	1.09

Notes:

1. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 5,162,337 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

2. *Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 6,849,161 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

(c) Transport International Holdings Limited ("Transport International")

Name of Directors	Number of shares held: Personal interests (held as beneficial owner)	Sub-total	Number of underlying shares held under equity derivatives[1]	Total	% of issued voting shares as at 30.06.2023
Kwok Ping-luen, Raymond	574,943[2]	574,943	830,000	1,404,943	0.29
Lui Ting, Victor	300,000	300,000	–	300,000	0.06
Li Ka-cheung, Eric	17,600	17,600	830,000	847,600	0.17
Leung Nai-pang, Norman	593,030	593,030	920,000	1,513,030	0.31
Fung Yuk-lun, Allen	–	–	830,000	830,000	0.17

Notes:

1. *These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by Transport International under its share option scheme. Details of these share options and their movements during the year ended 30 June 2023 were as follows:*

Name of Directors	Date of grant	Exercise price per share (HK$)	Exercise period	Number of share options Balance as at 01.07.2022	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2023
Kwok Ping-luen, Raymond	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	–	430,000	–	–	430,000
Li Ka-cheung, Eric	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	–	430,000	–	–	430,000
Leung Nai-pang, Norman	19.11.2020	15.32	19.11.2021 to 18.11.2025	450,000	–	–	–	450,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	–	470,000	–	–	470,000
Fung Yuk-lun, Allen	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	–	430,000	–	–	430,000

The above share options can be exercised up to 50% of the grant from the first anniversary of the date of grant and in whole or in part of the grant from the second anniversary of the date of grant.

2. *Of these shares in Transport International, 570,381 shares were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.*

(d) Each of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward had the following interests in shares of the following associated corporations:

Name of associated corporations	Actual shares held through corporation	Actual % of interests in issued voting shares as at 30.06.2023
Splendid Kai Limited[1]	2,500[2]	25.00
Hung Carom Company Limited	25[2]	25.00
Tinyau Company Limited	1[2]	50.00
Open Step Limited	8[2]	80.00
Vivid Synergy Limited	963,536,900[2]	20.00

Notes:

1. *Splendid Kai Limited commenced members' voluntary liquidation on 15 June 2022 and was wound up on 2 September 2023.*

2. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in these shares by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option and Share Award Schemes

1. Share option scheme of the Company

At the annual general meeting of the Company held on 15 November 2012, the Shareholders passed an ordinary resolution to approve the adoption of a share option scheme (the "Share Option Scheme"). The Share Option Scheme was valid and effective for a period of ten years until 14 November 2022 and no new share option scheme has been adopted since then.

During the year ended 30 June 2023, no share options were granted under the Share Option Scheme and there were no outstanding share options granted under the Share Option Scheme. Accordingly, there were no shares of the Company that might be issued in respect of share options granted under the Share Option Scheme during the year.

As at 1 July 2022, 252,464,604 share options were available for grant under the scheme mandate of the Share Option Scheme. No further share options can be granted under the Share Option Scheme after its expiry.

The major terms of the Share Option Scheme are as follows:

1. The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Company's businesses, to provide additional incentives to the employees of the Company or any of its subsidiaries, and to promote the long term financial success of the Company by aligning the interests of the grantees to the Shareholders.

2. The participants of the Share Option Scheme are the employees of the Company or any of its subsidiaries (including any Executive Directors of the Company or any of its subsidiaries) as the Board may in its absolute discretion select.

3. The total number of shares of the Company which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders.

   The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time.

4. The total number of shares of the Company issued and to be issued upon exercise of share options (whether exercised or outstanding) granted under the Share Option Scheme in any 12-month period to each grantee must not exceed 1% of the shares of the Company in issue.

5. The exercise period of any share option granted under the Share Option Scheme shall be determined by the Board but such period must not exceed ten years from the date of grant of the relevant share option.

6. The Share Option Scheme does not specify any minimum holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the shares forming the subject of the share options must be held before it can be exercised.

7. The acceptance of an offer of the grant of share options must be made within 28 days from the date of offer with a non-refundable payment of HK$1.00 from each grantee.

8. The exercise price of a share option to subscribe for shares of the Company shall not be less than the following prices, whichever is higher:

   - the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

   - the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

9. The Share Option Scheme was valid and effective for a period of ten years from 15 November 2012 (being the date of adoption of the Share Option Scheme) to 14 November 2022.

2. *Share option schemes of the subsidiaries*

(a) SUNeVision

On 1 November 2012, SUNeVision adopted a share option scheme which became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 15 November 2012 in compliance with the then Listing Rules requirements (the "Old SUNeVision Share Option Scheme"). Owing to the expiry of the Old SUNeVision Share Option Scheme on 15 November 2022, the shareholders of SUNeVision passed an ordinary resolution to approve the adoption of a new share option scheme (the "New SUNeVision Share Option Scheme") and the termination of the Old SUNeVision Share Option Scheme on 28 October 2022, both of which became effective on 1 November 2022 following the granting of a listing approval by the Stock Exchange on 1 November 2022. No share options can be granted under the Old SUNeVision Share Option Scheme upon its termination.

During the year ended 30 June 2023, (i) no share options were granted under the Old SUNeVision Share Option Scheme; and (ii) 10,400,000 and 7,300,000 share options were granted under the New SUNeVision Share Option Scheme on 12 January 2023 and 22 May 2023 respectively. Accordingly, a total of 17,700,000 shares of SUNeVision might be issued in respect of the share options granted under the New SUNeVision Share Option Scheme during the year, representing 0.71% of the weighted average number of shares in issue for the year.

Particulars of the outstanding share options granted under the Old SUNeVision Share Option Scheme and the New SUNeVision Share Option Scheme and their movements during the year ended 30 June 2023 were as follows:

				Number of share options					
Grantees	**Date of grant**	**Exercise price per share (HK$)**	**Exercise period[1]**	**Balance as at 01.07.2022**	**Granted during the year**	**Exercised during the year**	**Cancelled/ Lapsed during the year**	**Balance as at 30.06.2023**	**Closing price per share (HK$)**
Old SUNeVision Share Option Scheme									
(i) Directors of SUNeVision									
Fung Yuk-lun, Allen	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	–	–	–	4,000,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	4,000,000	–	–	–	4,000,000	N/A
Other directors of SUNeVision	19.06.2018	5.048	19.06.2019 to 18.06.2023	5,500,000	–	–	(5,500,000)	–	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,790,000	–	–	–	2,790,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	9,000,000	–	–	–	9,000,000	N/A
(ii) Other employees of the SUNeVision group	19.06.2018	5.048	19.06.2019 to 18.06.2023	930,000	–	–	(930,000)	–	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,807,000	–	–	(700,000)	2,107,000	N/A
	17.06.2020	5.39	17.06.2021 to 16.06.2025	7,772,000	–	–	(1,110,000)	6,662,000	N/A

Grantees	Date of grant	Exercise price per share (HK$)	Exercise period[1]	Number of share options: Balance as at 01.07.2022	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2023	Closing price per share (HK$)
(ii) Other employees of the SUNeVision group (cont'd)	17.06.2020	5.39	01.07.2021 to 16.06.2025	450,000	–	–	–	450,000	N/A
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	–	–	–	600,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	4,150,000	–	–	(630,000)	3,520,000	N/A
	05.05.2021	7.982	15.07.2022 to 04.05.2026	400,000	–	–	(400,000)	–	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	6,870,000	–	–	(1,570,000)	5,300,000	N/A
	04.05.2022	6.532	01.06.2023 to 03.05.2027	350,000	–	–	–	350,000	N/A
(iii) Related entity participants of the Old SUNeVision Share Option Scheme	05.05.2021	7.982	05.10.2022 to 04.05.2026	800,000	–	–	–	800,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	100,000	–	–	–	100,000	N/A
New SUNeVision Share Option Scheme									
(i) Directors of SUNeVision	12.01.2023	4.514	12.01.2024 to 11.01.2028	–	4,700,000	–	–	4,700,000	4.47[2]
(ii) Other employees of the SUNeVision group	12.01.2023	4.514	12.01.2024 to 11.01.2028	–	4,700,000	–	–	4,700,000	4.47[2]
	22.05.2023	4.32	22.05.2024 to 21.05.2028	–	6,150,000	–	(1,000,000)	5,150,000	4.28[2]
	22.05.2023	4.32	20.06.2024 to 21.05.2028	–	150,000	–	–	150,000	4.28[2]
	22.05.2023	4.32	29.06.2024 to 21.05.2028	–	500,000	–	–	500,000	4.28[2]
	22.05.2023	4.32	15.08.2024 to 21.05.2028	–	500,000	–	–	500,000	4.28[2]
(iii) Related entity participants of the New SUNeVision Share Option Scheme	12.01.2023	4.514	12.01.2024 to 11.01.2028	–	1,000,000	–	–	1,000,000	4.47[2]
Total				50,519,000	17,700,000	–	(11,840,000)	56,379,000	

Notes:

1. *No share options of SUNeVision can be exercised within one year from the date of grant. The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant (except that for the exercise periods of the share options granted to certain employees of the SUNeVision group and/or certain related entity participants of the Old SUNeVision Share Option Scheme on 17 June 2020, 5 May 2021, 4 May 2022 and 22 May 2023 respectively, such share options can be exercised up to 30% of the grant from the first anniversary of the date of completion of one year's employment or secondment of the respective employees or related entity participants (the "Date of Completion"), up to 60% of the grant from the second anniversary of the Date of Completion, and in whole or in part of the grant from the third anniversary of the Date of Completion and for the avoidance of doubt, the first anniversary of the Date of Completion is not earlier than the first anniversary of the date of grant).*

2. *This represented the closing price of the shares of SUNeVision immediately before the date on which the share options were granted.*

Save as disclosed above, there were no outstanding share options granted under the Old SUNeVision Share Option Scheme or the New SUNeVision Share Option Scheme during the year ended 30 June 2023.

As at 1 July 2022, 165,029,953 share options were available for grant under the scheme mandate of the Old SUNeVision Share Option Scheme. No further share options can be granted under the Old SUNeVision Share Option Scheme upon its termination on 1 November 2022.

The New SUNeVision Share Option Scheme was adopted and became effective on 1 November 2022. As at the effective date and 30 June 2023, 233,905,733 and 217,205,733 share options were available for grant under the scheme mandate of the New SUNeVision Share Option Scheme respectively.

The fair values of the share options granted by SUNeVision were determined by using the Black-Scholes model which is one of the models to estimate the fair value of a share option. The total value of the share options granted during the year ended 30 June 2023 under the New SUNeVision Share Option Scheme amounting to approximately HK$18,692,000 (2022: HK$14,142,000 (granted under the Old SUNeVision Share Option Scheme)) was estimated based on the following variables and assumptions:

	Options granted on 22.05.2023	**Options granted on 12.01.2023**	**Options granted on 04.05.2022**
Risk-free interest rate	3.27%[1]	3.17%[2]	2.71%
Expected volatility	35.43%[3]	34.57%[3]	24.95%
Expected dividend yield	4.84%[4]	4.70%[4]	2.97%
Expected life of the share options	5 years[5]	5 years[5]	5 years

Notes:

1. *This represented the approximate yield of 5-year Exchange Fund Note traded on 22 May 2023.*

2. *This represented the approximate yield of 5-year Exchange Fund Note traded on 12 January 2023.*

3. *This represented the annualised volatility of the closing price of the shares of SUNeVision for the year preceding the date of grant.*

4. *This represented the yield of the expected dividend, being the historical dividend on the shares of SUNeVision for the year preceding the date of grant.*

5. *This was based on the assumption that there was no material difference between the expected volatility over the whole life of the share options and the historical volatility of the shares of SUNeVision for the year preceding the date of grant.*

The values of the share options of SUNeVision vary with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair values of the share options of SUNeVision.

The major terms of the Old SUNeVision Share Option Scheme and the New SUNeVision Share Option Scheme (collectively the "SUNeVision Share Option Schemes") are as follows:

1. The purpose of the SUNeVision Share Option Schemes is to attract, retain and motivate talented participants to strive for future developments and expansion of the SUNeVision group and to provide SUNeVision with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the board of SUNeVision may approve from time to time.

2. The participants of the Old SUNeVision Share Option Scheme include (i) any executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the SUNeVision group; (ii) any consultants, professional and other advisers to each member of the SUNeVision group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of SUNeVision; (iv) any associates of a director, chief executive or substantial shareholder of SUNeVision; and (v) any employees of the substantial shareholder of SUNeVision, provided that the board of SUNeVision shall have absolute discretion to determine whether or not one falls within the above categories.

   The participants of the New SUNeVision Share Option Scheme include (i) the directors (other than the independent non-executive directors), chief executive and employees of SUNeVision or any of its subsidiaries (including persons who are granted options under the New SUNeVision Share Option Scheme as an inducement to enter into employment contract with SUNeVision or any of its subsidiaries); and (ii) the directors (other than the independent non-executive directors), chief executive and employees of the holding companies, fellow subsidiaries or associated companies of SUNeVision, provided that the board of SUNeVision shall have absolute discretion to determine whether or not one falls within the above categories.

3. The total number of shares of SUNeVision which may be issued in respect of all share options to be granted under the SUNeVision Share Option Schemes shall not (when aggregated with any shares of SUNeVision subject to any other share option scheme(s) of SUNeVision and, where applicable, share award scheme(s) of SUNeVision that involve(s) the issuance of new shares) in aggregate exceed 10% of the total number of shares of SUNeVision in issue as at the date of approval of each of the SUNeVision Share Option Schemes by the shareholders of SUNeVision. The 10% limit may be refreshed with the approval of the shareholders of SUNeVision in general meeting.

   The maximum number of shares of SUNeVision which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Old SUNeVision Share Option Scheme and any other share option schemes of SUNeVision must not exceed 30% of the total number of shares of SUNeVision in issue from time to time. Following the termination of the Old SUNeVision Share Option Scheme, no further share options can be granted under the Old SUNeVision Share Option Scheme.

   As at 7 September 2023, the number of shares of SUNeVision available for issue under the New SUNeVision Share Option Scheme was 233,905,733 shares, representing approximately 10% of the issued shares of SUNeVision.

4. The total number of shares of SUNeVision issued and to be issued upon exercise of the share options granted to each participant under the SUNeVision Share Option Schemes and any other share option scheme(s) of SUNeVision and, where applicable, share award scheme(s) of SUNeVision that involve(s) the issuance of new shares awarded (including exercised and outstanding share options, and where applicable, vested and unvested awards) in any 12-month period shall not exceed 1% of the total number of shares of SUNeVision in issue.

5. A share option granted under the SUNeVision Share Option Schemes may be exercised at any time during the option period after the share option has been granted by the board of SUNeVision. A share option period is a period to be determined by the board of SUNeVision at its absolute discretion and notified by the board of SUNeVision to each grantee as being the period during which a share option may be exercised, such period shall not be longer than ten years from the date of grant of the share option.

6. Unless otherwise determined by the board of SUNeVision and specified in the offer letter at the time of the offer, (i) there is no performance target that needs to be achieved by the grantee before a share option can be exercised; and (ii) there is no minimum period for which a share option granted under the Old SUNeVision Share Option Scheme must be held before the share option can be exercised whereas the vesting period for share options granted under the New SUNeVision Share Option Scheme shall not be less than 12 months.

7. The acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee.

8. The exercise price of a share option to subscribe for shares of SUNeVision shall be at least the higher/highest of:

   - the closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;

   - the average closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made to a participant; and

   - the nominal value of the shares of SUNeVision (only applicable to the Old SUNeVision Share Option Scheme).

9. The Old SUNeVision Share Option Scheme was terminated on 1 November 2022 and all outstanding share options granted under the Old SUNeVision Share Option Scheme and yet to be exercised shall remain valid. The New SUNeVision Share Option Scheme shall be valid for a period of ten years commencing from the adoption of the New SUNeVision Share Option Scheme on 28 October 2022.

(b) SmarTone

On 2 November 2021, SmarTone adopted a share option scheme which became effective on 4 November 2021 following the granting of a listing approval by the Stock Exchange and the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 4 November 2021 in compliance with the then Listing Rules requirements (the "SmarTone Share Option Scheme").

During the year ended 30 June 2023, SmarTone granted 4,000,000 share options under the SmarTone Share Option Scheme on 7 November 2022 and 21 April 2023 respectively. Accordingly, a total of 8,000,000 shares of SmarTone might be issued in respect of the share options granted under the SmarTone Share Option Scheme during the year, representing 0.72% of the weighted average number of ordinary shares in issue (less shares held for the SmarTone Share Award Scheme (as hereinafter defined)) for the year.

Particulars of the outstanding share options granted under the SmarTone Share Option Scheme and their movements during the year ended 30 June 2023 were as follows:

				Number of share options						
Grantees	Date of grant	Exercise price per share (HK$)	Exercise period	Balance as at 01.07.2022	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2023	Closing price per share[3] (HK$)	Weighted average closing price per share[4] (HK$)
Directors of SmarTone	07.11.2022	3.976	15.11.2022 to 14.11.2026[1]	–	4,000,000	(1,200,000)	(2,800,000)	–	4.060	5.239
	21.04.2023	4.964	21.04.2024 to 20.04.2028[2]	–	4,000,000	–	–	4,000,000	4.900	N/A
Total				–	8,000,000	(1,200,000)	(2,800,000)	4,000,000		

Notes:

1. *The share options can be exercised up to 30% of the grant from 15 November 2022, up to 60% of the grant from 15 November 2023, and in whole or in part of the grant from 15 November 2024. Any unexercised share options shall lapse after 14 November 2026.*

2. *The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant. Any unexercised share options shall lapse after the fifth anniversary of the date of grant.*

3. *This represented the closing price of the shares of SmarTone immediately before the date on which the share options were granted.*

4. *This represented the weighted average closing price of the shares of SmarTone immediately before the date on which the share options were exercised.*

Save as disclosed above, there were no outstanding share options granted under the SmarTone Share Option Scheme during the year ended 30 June 2023.

As at 1 July 2022 and 30 June 2023, 111,098,860 and 105,898,860 share options were available for grant under the scheme mandate of the SmarTone Share Option Scheme respectively.

The values of the share options granted by SmarTone under the SmarTone Share Option Scheme on 7 November 2022 and 21 April 2023, as calculated by using the Black-Scholes option pricing model, were approximately HK$4,077,000 and HK$2,539,000 respectively (2022: Nil). The significant inputs to the model were as follows:

	Options granted on 21.04.2023	**Options granted on 07.11.2022**
Risk-free interest rate[1]	3.042%	4.323%
Expected volatility[2]	22.398%	18.400%
Expected dividend yield[3]	6.122%	7.732%
Expected life of the share options[4]	5 years	4 years 8 days

Notes:

1. *This represented the market yield on Hong Kong government bonds corresponding to the expected life of the share options as of the valuation date.*

2. *This represented the annualised volatility of the closing price of the shares of SmarTone over a period of 260 trading days preceding the date of grant.*

3. *This represented the yield of the expected dividend, being the historical dividend on the shares of SmarTone for the year preceding the date of grant.*

4. *This was based on the assumption that there was no material difference between the expected volatility over the whole life of the share options and the historical volatility of the shares of SmarTone for the year preceding the date of grant.*

The values of the share options of SmarTone are subject to a number of assumptions and limitations of the model. Therefore, the values may be subjective and would change should any of the assumptions changed.

The major terms of the SmarTone Share Option Scheme are as follows:

1. The purpose of the SmarTone Share Option Scheme is to provide incentive to participants to contribute to the SmarTone group and/or to enable the SmarTone group to recruit and/or to retain high-caliber employees and attract human resources that are valuable to the SmarTone group or are expected to be able to contribute to the business development of the SmarTone group.

2. Any employee, agent, consultant or representative of SmarTone or any of its subsidiaries, including any director of SmarTone or any of its subsidiaries who has made valuable contribution to the growth of the SmarTone group based on his/her work experience, industry knowledge, performance, business connections or other relevant factors, will be eligible to participate in the SmarTone Share Option Scheme.

3. The total number of shares of SmarTone which may be issued upon exercise of all options to be granted under the SmarTone Share Option Scheme and any other share option schemes of SmarTone must not in aggregate exceed 10% of the shares of SmarTone in issue as at the date of approval of the SmarTone Share Option Scheme by the shareholders of SmarTone. SmarTone may seek approval by its shareholders in general meeting for "refreshing" the 10% limit under the SmarTone Share Option Scheme. However, the total number of shares of SmarTone which may be issued upon exercise of all options to be granted under all of the SmarTone Share Option Scheme and any other share option schemes of SmarTone under the limit as "refreshed" must not exceed 10% of the shares of SmarTone in issue as at the date of approval of the limit. The limit on the number of shares of SmarTone which may be issued upon exercise of all outstanding options granted and yet to be exercised under the SmarTone Share Option Scheme and any other share option schemes of SmarTone must not exceed 30% of the shares of SmarTone in issue from time to time. As at 7 September 2023, the number of shares of SmarTone available for issue in respect thereof was 109,898,860 shares which represented approximately 9.93% of the issued shares of SmarTone.

4. The maximum entitlement of each participant under the SmarTone Share Option Scheme is that the total number of shares of SmarTone issued and to be issued upon exercise of the options granted to such participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the shares of SmarTone in issue. Where any further offer of the grant of options to a participant would result in the shares of SmarTone issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further offer representing in aggregate over 1% of the shares of SmarTone in issue, such further offer of grant must be separately approved by the shareholders of SmarTone in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting.

5. The exercise period of any option granted under the SmarTone Share Option Scheme shall be determined by the board of SmarTone but such period must not exceed ten years from the date on which the offer of the grant of the relevant option is made.

6. Unless otherwise determined by the board of SmarTone and specified in the offer letter at the time of offer, there is neither any performance target that needs to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised.

7. An option shall be deemed to have been accepted when the duplicate of the offer letter, comprising acceptance of the option, duly signed by the grantee together with a remittance in favour of SmarTone of HK$1.00 by way of consideration for the grant thereof is received by the secretary of SmarTone within 28 days from the date of offer.

8. The subscription price shall be determined by the board of SmarTone and notified to a participant at the time of the offer of the option(s) and shall be at least the highest of:

    - the closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a business day;
    - the average closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and
    - the nominal or par value of the shares of SmarTone.

9. The SmarTone Share Option Scheme shall be valid and effective for a period of ten years commencing from the adoption of the SmarTone Share Option Scheme on 2 November 2021.

3. *Share award scheme of SmarTone*

On 29 June 2018, the board of SmarTone adopted a share award scheme (the "SmarTone Share Award Scheme"). Pursuant to the rules of the SmarTone Share Award Scheme, shares of SmarTone will be acquired by a trustee at the cost of SmarTone and be held in trust for selected employees of the SmarTone group until the end of each vesting period. The shares will be transferred to the selected employees upon vesting. The selected employees are not required to pay any purchase price for the transfer of the vested shares. No new shares of SmarTone will be issued under the SmarTone Share Award Scheme.

During the year ended 30 June 2023, no shares were awarded under the SmarTone Share Award Scheme. Particulars of the outstanding shares awarded under the SmarTone Share Award Scheme and their movements during the year ended 30 June 2023 were as follows:

			Number of awarded shares					
Awardees	**Date of award**	**Vesting period** [1]	**Balance as at 01.07.2022**	**Awarded during the year**	**Vested during the year**	**Cancelled/ Lapsed during the year**	**Balance as at 30.06.2023**	**Weighted average closing price per share** [2] **(HK$)**
Employees of the SmarTone group								
Five highest paid individuals (apart from Directors of SmarTone)	28.02.2020	28.02.2021 to 28.02.2023	7,200	–	(7,200)	–	–	5.160
Other employees of the SmarTone group	28.02.2020	28.02.2021 to 28.02.2023	410,605	–	(380,885)	(29,720)	–	5.160
Total			417,805	–	(388,085)	(29,720)	–	

Notes:

1. *30% of the awarded shares shall vest on the first and second anniversary date of the date of award and the balance shall vest on the third anniversary date of the date of award.*

2. *This represented the weighted average closing price of the shares of SmarTone immediately before the date on which the awarded shares were vested.*

As at both 1 July 2022 and 30 June 2023, 107,171,217 awarded shares of SmarTone were available for grant under the scheme mandate of the SmarTone Share Award Scheme.

The major terms of the SmarTone Share Award Scheme are as follows:

1. The specific objectives of the SmarTone Share Award Scheme are (i) to recognise the contributions by certain employees of the SmarTone group and to provide them with incentives in order to retain them for the continual operation and development of the SmarTone group; and (ii) to attract suitable personnel for further development of the SmarTone group.

2. The SmarTone Share Award Scheme shall be subject to the administration of the board of SmarTone in accordance with the rules of the SmarTone Share Award Scheme.

3. Subject to any early termination as may be determined by the board of SmarTone pursuant to the rules of the SmarTone Share Award Scheme, the SmarTone Share Award Scheme shall be valid and effective for a term of ten years commencing on the date of adoption of the SmarTone Share Award Scheme on 29 June 2018.

4. The total number of shares of SmarTone that may be awarded under the SmarTone Share Award Scheme shall not exceed 10% of the shares of SmarTone in issue (i.e. 1,124,269,277 shares) as at the date of adoption of the SmarTone Share Award Scheme.

5. Pursuant to the rules of the SmarTone Share Award Scheme, the board of SmarTone may, from time to time, at its absolute discretion select any employee of the SmarTone group (excluding any excluded employee as defined in the rules of the SmarTone Share Award Scheme) for participation in the SmarTone Share Award Scheme as a selected employee and determine the reference awarded sum for the purchase and/or allocation of awarded shares.

   The board of SmarTone shall cause to be paid to a trustee an amount equal to the aggregate of the reference awarded sums and the related purchase expenses. The trustee shall purchase from the market the relevant number of shares of SmarTone in accordance with written instructions issued by the board of SmarTone from time to time and shall hold such shares until they are vested in accordance with the rules of the SmarTone Share Award Scheme.

   When a selected employee of the SmarTone group has satisfied all vesting conditions specified by the board of SmarTone at the time of making the award and becomes entitled to the shares forming the subject of the award, the trustee shall transfer the relevant awarded shares to that selected employee. The selected employees are not required to pay any purchase price for the transfer of the vested shares.

6. Subject to any applicable provisions of the rules of the SmarTone Share Award Scheme, the awarded shares shall vest in accordance with the timetable as set out in the rules of the SmarTone Share Award Scheme. 30% of the awarded shares shall vest on the first and second anniversary date of the date of award and the balance shall vest on the third anniversary date of the date of award. Vesting of the awarded shares will be conditional on the selected employee remaining an employee of the SmarTone group until and on each of the relevant vesting dates.

   Where the awarded shares do not vest in accordance with the rules of the SmarTone Share Award Scheme, the trustee shall hold such shares for the benefit of one or more employees of the SmarTone group as it determines in its discretion, after having taken into account the recommendations of the board of SmarTone.

7. The trustee shall not exercise the voting rights in respect of any shares of SmarTone held under the trust.

8. The SmarTone Share Award Scheme shall terminate on the earlier of the 10th anniversary date of the date of adoption of the SmarTone Share Award Scheme or such date of early termination as determined by the board of SmarTone provided that such termination shall not affect any subsisting rights of the selected employees.

During the year, Chapter 17 of the Listing Rules ("Chapter 17") had been amended to the effect that (inter alia), with effect from 1 January 2023, this only applies to share schemes (including share option schemes and share award schemes) of a principal subsidiary (as defined therein) of a listed issuer. SUNeVision and SmarTone are not principal subsidiaries of the Company within the meaning of Chapter 17, and the Company is no longer subject to the obligations under Chapter 17 insofar as the share schemes of SUNeVision and SmarTone are concerned.

Arrangement to Purchase Shares or Debentures

Other than the share option and share award schemes as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Equity-linked Agreements

Other than the share option scheme of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Interests of Substantial Shareholders and Other Persons

As at 30 June 2023, substantial shareholders of the Company and other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under 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, or which were notified to the Company, were as follows:

	Number of shares held				
	Personal interests (held as beneficial owner)	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Total**	**% of issued voting shares as at 30.06.2023**
(i) Substantial shareholders					
HSBC Trustee (C.I.) Limited	–	–	1,014,179,665 [1,2,3&4]	1,014,179,665	35.00
Kwong Siu-hing	25,024	–	796,028,237 [1&4]	796,053,261	27.47
Adolfa Limited ("Adolfa")	231,182,838	102,479,723	–	333,662,561 [4&5]	11.51
Bertana Limited ("Bertana")	231,182,838	102,479,723	–	333,662,561 [4&6]	11.51
Cyric Limited ("Cyric")	231,182,838	102,479,723	–	333,662,561 [4&7]	11.51
(ii) Other persons					
Credit Suisse Trust Limited	–	–	216,581,592 [8&9]	216,581,592	7.47
Highvern Cayman Limited [10] *(formerly known as "Genesis Trust & Corporate Services Ltd.")*	–	–	211,173,896 [11]	211,173,896	7.29
Kwok Kai-ho, Jonathan	–	–	211,173,896 [11]	211,173,896	7.29
Thriving Talent Limited	194,442,095 [2]	–	–	194,442,095	6.71
Thriving Talent Holdings Limited	–	194,442,095 [2]	–	194,442,095	6.71
Rosy Result Limited	189,149,595 [8]	–	–	189,149,595	6.53
Asporto Limited	187,357,707 [11]	–	–	187,357,707	6.47

Notes:

1. *Madam Kwong Siu-hing was deemed to be interested in 796,028,237 shares in the Company by virtue of her being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares formed part of the shares in the Company in which HSBC Trustee (C.I.) Limited was deemed to be interested by virtue of it being the trustee of certain discretionary trusts and were therefore duplicated between these two substantial shareholders.*

2. *In addition to the deemed interests as stated in Note 1 above, HSBC Trustee (C.I.) Limited was deemed to be interested in 218,147,771 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 194,442,095 shares represented the same interests held by Thriving Talent Limited (which was a wholly-owned subsidiary of Thriving Talent Holdings Limited) and were therefore duplicated amongst them.*

   The 218,147,771 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.

3. *HSBC Trustee (C.I.) Limited was also deemed to be interested in 3,657 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.*

4. *Of the respective shares in the Company held by Adolfa, Bertana and Cyric, 102,479,723 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of the entire issued share capital. These 102,479,723 shares represented the same interests and were therefore duplicated amongst these companies. Further, the respective shares held by Adolfa, Bertana and Cyric formed part of the shares in the Company in which each of Madam Kwong Siu-hing and HSBC Trustee (C.I.) Limited was deemed to be interested.*

5. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*

6. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*

7. *These shares were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.*

8. *Credit Suisse Trust Limited was deemed to be interested in 216,575,125 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 189,149,595 shares represented the same interests held by Rosy Result Limited and were therefore duplicated between them.*

   The 216,575,125 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

9. *In addition to the deemed interests as stated in Note 8 above, Credit Suisse Trust Limited was deemed to be interested in 6,467 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.*

10. *Genesis Trust & Corporate Services Ltd. has changed its name to Highvern Cayman Limited with effect from 9 January 2023.*

11. *Highvern Cayman Limited was deemed to be interested in 211,173,896 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO. These shares represented the same interests in which Mr. Kwok Kai-ho, Jonathan was deemed to be interested by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO and were therefore duplicated between them. Of these shares, 187,357,707 shares represented the same interests held by Asporto Limited and were therefore duplicated amongst them.*

    The 211,173,896 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

Save as disclosed above, as at 30 June 2023, there were no other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under 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, or which were notified to the Company.

Emolument Policy and Long-term Incentive Schemes of the Group

As at 30 June 2023, the Group employed more than 40,000 employees. The related employees' costs before reimbursements for the year amounted to approximately HK$14,164 million. Compensation for the Group is made with reference to the market as well as individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. Share option and share award schemes have also been adopted by certain subsidiaries of the Company to provide appropriate long-term incentive to the key staff of the Group. Details of the share option and share award schemes of the Group are set out in the section headed "Share Option and Share Award Schemes".

Basis of Determining Emolument to Directors

The same remuneration philosophy also applies to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are also in place for the Executive Directors.

Permitted Indemnity

The Articles of Association provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Bank and Other Borrowings

Details of bank and other borrowings as at 30 June 2023 are set out in notes 23 and 26 to the consolidated financial statements.

Interest Capitalized

Interest capitalized during the year amounted to HK$1,582 million (2022: HK$857 million).

Charitable Donations

HK$39 million (2022: HK$102 million) was donated by the Group during the year.

Directors' Interests in Competing Businesses

The interests of the Directors of the Company in competing businesses that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

The businesses of the Group principally consist of (i) property developments and investments in Hong Kong, on the mainland and in Singapore, and (ii) hotel operations in Hong Kong and on the mainland. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward (the Alternate Director to Mr. Kwok Ping-luen, Raymond) (collectively the "Kwok Family") maintain certain interests in businesses which consist of property developments and investments in Hong Kong, Singapore and the United Kingdom, and hotel operations in Hong Kong. As such, they are regarded as being interested in the competing businesses with the Group (the "Excluded Businesses"). However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. The Kwok Family does not have property development and investment businesses and hotel operation business on the mainland. Therefore, they are not regarded as being interested in such Excluded Businesses on the mainland.

The businesses of Transport International consist of property holdings and developments. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Fung Yuk-lun, Allen are non-executive directors of Transport International, and therefore, each of them is regarded as being interested in such Excluded Businesses.

The businesses of Wing Tai Properties Limited ("Wing Tai") consist of property developments, property investments and management, and hospitality investments and management. Mr. Kwok Ping-luen, Raymond is a non-executive director of Wing Tai and Mr. Kwok Ho-lai, Edward is his alternate, and therefore, each of them is regarded as being interested in such Excluded Businesses.

The businesses of Empire Group Holdings Limited ("Empire Group") consist of property investments and developments, and hotel operations. Mr. Kwok Kai-chun, Geoffrey is a director of Empire Group and is entitled to exercise, or control the exercise of, 10% or more of the voting power at any of its general meetings, and therefore is regarded as being interested in such Excluded Businesses. However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. Mr. Kwok Kai-chun, Geoffrey is a Non-Executive Director of the Company.

Other than the family businesses of the Kwok Family, the above-mentioned Excluded Businesses are managed by separate companies or public listed companies with independent management and administration. In this respect, coupled with the diligence of the Independent Non-Executive Directors and the Audit and Risk Management Committee of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the Excluded Businesses mentioned above.

Connected Transactions

During the period from the date of the 2021/22 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

Directors' Material Interests in Transactions, Arrangements and Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Major Customers and Suppliers

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

Auditor

The retiring auditor, Messrs. Deloitte Touche Tohmatsu, has signified its willingness to continue in office. A resolution will be proposed at the 2023 Annual General Meeting to re-appoint it and to authorize the Directors to fix its remuneration.

Audit and Risk Management Committee

The annual results for the year have been reviewed by the Audit and Risk Management Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 112 to 130.

Sufficiency of Public Float

As at the date of this report, based on information that was publicly available to the Company and within the knowledge of the Directors, the Company maintained the amount of public float as required under the Listing Rules.

This report is signed for and on behalf of the Board.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 7 September 2023

Directors' Biographical Information

Directors

Kwok Ping-luen, Raymond
Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 70)

Mr. Kwok has been Chairman of the Company since December 2011. Prior to the appointment as Chairman of the Company, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also the Managing Director and a member of the Executive Committee of the Company as well as a director of certain subsidiaries of the Company. He has been with the Group for 45 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from Hong Kong Metropolitan University and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. Mr. Kwok is the chairman and an executive director of SUNeVision Holdings Ltd. He is also the chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong and a member of the council of The Chinese University of Hong Kong.

Mr. Kwok is a son of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is the father of Messrs. Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward. He is also an uncle of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK$320,000 for being the Chairman of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$3.65 million, including fees of HK$60,000 and HK$180,000 for being the chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited respectively.

Wong Chik-wing, Mike
MSc(IRE), FHKIS, RPS (BS), JP
Deputy Managing Director (Age: 67)

Mr. Wong has been a Deputy Managing Director of the Company since July 2012. He joined the Group in 1981 and has been an Executive Director of the Company since January 1996. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master's degree in International Real Estate. He is a fellow of The Hong Kong Institute of Surveyors and a registered professional surveyor. Mr. Wong is a director of The Real Estate Developers Association of Hong Kong. He is also an Adjunct Professor of both The University of Hong Kong (Department of Real Estate and Construction) and The Hong Kong Polytechnic University (Department of Building and Real Estate). He is currently responsible for planning and development, and project management matters of the Group's development projects.

For the year ended 30 June 2023, Mr. Wong is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$29.15 million.

Lui Ting, Victor
BBA
Deputy Managing Director (Age: 69)

Mr. Lui has been an Executive Director and a Deputy Managing Director of the Company since April and July 2012 respectively. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. He joined the Group in 1977 and is currently responsible for the sales and marketing of a number of large residential developments as well as acquisition and disposal of non-core property investment projects of the Group. He holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong.

For the year ended 30 June 2023, Mr. Lui is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$29.45 million.

Yip Dicky Peter
MBA, BBS, MBE, JP
Independent Non-Executive Director (Age: 76)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of both the Audit and Risk Management Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in Hong Kong in 1965 with working experiences in London, China and San Francisco. From January 2003 to April 2005, Mr. Yip was appointed chief executive China business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank on the mainland. Mr. Yip became a general manager of HSBC in April 2005 until his retirement from HSBC in June 2012. He was an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. and DBS Bank in Hong Kong and on the mainland, the founding chairman of Ping An OneConnect Bank (Hong Kong) Limited, and an independent director of S.F. Holding Co., Ltd. Mr. Yip was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015.

Mr. Yip is an elected associated member of the Chartered Institute of Bankers, London. He was educated in Hong Kong with an MBA from The University of Hong Kong. Mr. Yip received the Ten Outstanding Young Persons of Hong Kong in 1984 for his contributions to the banking industry and the community in Hong Kong. Mr. Yip was awarded the MBE by the British Government in 1984. In 1999, he was appointed Unofficial Justice of the Peace in Hong Kong. In 2000, he was awarded the Bronze Bauhinia Star by the Hong Kong Special Administrative Region Government. He also served two terms since June 2008 as a member of Shanghai Committee of the Chinese People's Political Consultative Conference.

Mr. Yip is active in community and youth activities in Hong Kong and is a member of a number of service organizations such as Hong Kong Committee for United Nations Children Fund, the 8th National Council of Red Cross Society of China, Hong Kong Housing Society and Hong Kong Air Cadet Corps.

For the year ended 30 June 2023, Mr. Yip is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Nomination Committee of the Company.

Directors' Biographical Information

Professor Wong Yue-chim, Richard
SBS, JP
Independent Non-Executive Director (Age: 71)

Professor Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee, and a member of the Audit and Risk Management Committee of the Company. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He is Professor of Economics at The University of Hong Kong. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000.

Professor Wong serves as an independent non-executive director of Great Eagle Holdings Limited and Pacific Century Premium Developments Limited.

For the year ended 30 June 2023, Professor Wong is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK$70,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Dr. Li Ka-cheung, Eric
LLD, DSocSc., HonDSocSc (EdUHK), B.A., GBS, OBE, JP
Independent Non-Executive Director (Age: 70)

Dr. Li was appointed as a Non-Executive Director of the Company in May 2005. He is currently an Independent Non-Executive Director, the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee of the Company. He is also an independent non-executive director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the honorary chairman of Shinewing (HK) CPA Limited. He is also an independent non-executive director of Transport International Holdings Limited, Wong's International Holdings Limited and China Resources Beer (Holdings) Company Limited. Dr. Li was an independent non-executive director of Hang Seng Bank Limited.

Dr. Li was a member of the 10th to 13th National Committee of the Chinese People's Political Consultative Conference. He was also a former member of the Legislative Council of Hong Kong, the chairman of its Public Accounts Committee, a past president of the Hong Kong Institute of Certified Public Accountants and a former convenor-cum-member of the Financial Reporting Review Panel.

For the year ended 30 June 2023, Dr. Li is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$320,000 for being the Chairman of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Remuneration Committee of the Company. He is also entitled to receive other emoluments in the total sum of HK$288,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 74)

Dr. Fung has been an Independent Non-Executive Director of the Company since February 2010. He graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science and Technology, by The Hong Kong Polytechnic University and by Hong Kong Baptist University and degree of Doctor of Letters, *honoris causa*, by Wawasan Open University of Malaysia.

Dr. Fung is the chairman and a non-executive director of Convenience Retail Asia Limited, which is within the Fung Group. He is also an independent non-executive director of VTech Holdings Limited and The Hongkong and Shanghai Hotels, Limited. Formerly, he was the group non-executive chairman of Li & Fung Limited until October 2020.

Dr. Fung has held key positions in major trade associations. He is the past chairman of the Hong Kong General Chamber of Commerce (1994-1996), the Hong Kong Exporters' Association (1989-1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993-2002). He was a Hong Kong Special Administrative Region delegate to the Chinese People's Political Consultative Conference (1998-2003). He has been awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008.

For the year ended 30 June 2023, Dr. Fung is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Dr. Leung Nai-pang, Norman

LLD, GBS, JP

Independent Non-Executive Director (Age: 83)

Dr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He is also a member of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee of the Company. Dr. Leung is the chairman and an independent non-executive director of Transport International Holdings Limited.

Dr. Leung has been active in public service for 40 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, chairman of the Broadcasting Authority from 1997 to 2002, council chairman of City University of Hong Kong from 1997 to 2003, Pro-Chancellor of City University of Hong Kong from 2005 to 2016, and council chairman of The Chinese University of Hong Kong from 2016 to 2022.

For the year ended 30 June 2023, Dr. Leung is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Directors' Biographical Information

Leung Ko May-yee, Margaret
SBS, JP
Independent Non-Executive Director (Age: 71)

Mrs. Leung has been an Independent Non-Executive Director of the Company since March 2013. She holds a Bachelor's degree in Economics, Accounting and Business Administration from The University of Hong Kong. She was the vice-chairman and the chief executive of Hang Seng Bank Limited, the chairman of Hang Seng Bank (China) Limited, a director of various subsidiaries of Hang Seng Bank Limited, a director of The Hongkong and Shanghai Banking Corporation Limited and the Group General Manager of HSBC Holdings plc prior to her retirement from the HSBC group in June 2012.

Mrs. Leung is currently an independent non-executive director of First Pacific Company Limited, Agricultural Bank of China Limited and China Mobile Limited. In addition, she was an independent non-executive director of Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Corporation, QBE Insurance Group Limited, Hong Kong Exchanges and Clearing Limited and Li & Fung Limited as well as the deputy chairman, managing director and chief executive of Chong Hing Bank Limited.

Mrs. Leung is a non-official member of the Executive Council, the chairman of the Advisory Committee on Arts Development of the Culture, Sports and Tourism Bureau, and a member of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, the Public Service Commission and the Culture Commission all of the Government of the Hong Kong Special Administrative Region. She is also a non-ex officio member of The Law Reform Commission of Hong Kong, an Honorary Steward of The Hong Kong Jockey Club, and a council member, the treasurer and the chairman of the finance committee and a member of the human resources policy committee of The University of Hong Kong. Mrs. Leung was the chairman of the board of governors of Hang Seng Management College and Hang Seng School of Commerce, a court member of the Hong Kong Baptist University, and a member of the advisory board and the chairman of the investment committee of the Hong Kong Export Credit Insurance Corporation from 2005 to 2010. She was also a member of the Greater Pearl River Delta Business Council, the advisory committee of the Securities and Futures Commission, the Banking Review Tribunal, and the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region, the chairman of the executive committee of The Community Chest of Hong Kong, and a member of the board of directors and the finance committee of the Hospital Authority.

For the year ended 30 June 2023, Mrs. Leung is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Fan Hung-ling, Henry
SBS, JP
Independent Non-Executive Director (Age: 75)

Mr. Fan has been an Independent Non-Executive Director of the Company since March 2018. He graduated from The University of Hong Kong with an honours degree in Economics and Business Management and also holds a Bachelor of Laws degree from the University of Beijing. He is a Barrister-at-Law in Hong Kong, and in England and Wales as well as an Attorney-at-Law in the State of California, U.S.A.

Mr. Fan has over 30 years of experience in business management. He was a director and then managing director of CITIC Pacific Limited (now known as CITIC Limited) from 1990 and 1992 respectively to 2009. In addition, Mr. Fan was a deputy chairman of Cathay Pacific Airways Limited from 1997 to 2009 and an independent non-executive director of Hong Kong Exchanges and Clearing Limited from 2003 to 2009. He is currently an independent non-executive director of HKR International Limited. Mr. Fan is also the managing director of Hong Kong Glory Limited, a family investment company.

Mr. Fan has a long record of public service in Hong Kong. He is the chairman of the Hospital Authority as well as a member of the board of directors of the West Kowloon Cultural District Authority and the Financial Services Development Council. He is also the Chairman of the board of directors of West Kowloon Cultural District Foundation Limited. Mr. Fan was a non-official member of the Executive Council of the Hong Kong Special Administrative Region, a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development, the chairman of the Mandatory Provident Fund Schemes Authority, and a non-executive director of the Securities and Futures Commission.

For the year ended 30 June 2023, Mr. Fan is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Wu Xiang-dong
MBA, M.E., B.E.
Independent Non-Executive Director (Age: 56)

Mr. Wu has been an Independent Non-Executive Director of the Company since September 2019. He holds a double Bachelor's degree in Construction Management and Engineering Mechanics, as well as a Master's degree in Municipal Engineering from Tsinghua University and an MBA degree from the University of San Francisco.

Mr. Wu has over 30 years of experience in corporate management and commercial property operation. He was an executive director of China Resources Land Limited ("CRL") for the period from June 2009 to February 2019 and also worked as the executive vice president, the managing director and the chairman of the board of directors of CRL for certain time during such period. He then acted as a co-chairman, the chief executive officer and the president of China Fortune Land Development Co., Ltd. until April 2022. Mr. Wu was also an independent director of Yango Group Co., Ltd.

For the year ended 30 June 2023, Mr. Wu is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Directors' Biographical Information

Kwan Cheuk-yin, William
LLB
Non-Executive Director (Age: 88)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of both the Nomination Committee and the Remuneration Committee of the Company. Mr. Kwan was the managing partner of Woo Kwan Lee & Lo, Solicitors and had over 60 years of experience in legal practice. He retired as such on 31 March 2021 and thereafter he was appointed a consultant of the firm. He is a former director and advisor and currently a voting member of the Tung Wah Group of Hospitals. He is a vice president of Scout Association of Hong Kong, a vice chairman of the Hong Kong Scout Foundation Management Committee, a member of Hong Kong Scout Foundation Investment Team, a vice chairman of the Scout Performing Arts Committee, a chairman of Air Activities Committee, an adviser of Air Activities Development Fund Committee, a chairman of Scout Association of Hong Kong Leadership Training Institute Foundation Management Committee, a member of Programme Committee of Scout Association of Hong Kong and a vice chairman of World Scout Foundation Baden-Powell Fellowship Hong Kong Chapter. Mr. Kwan is a past member of the Stamp Advisory Committee and was a committee member of the Hong Kong Philatelic Society up to 31 March 2021 and thereafter was appointed honorary life president of the Hong Kong Philatelic Society. He is an honorary member of the Federation of Inter-Asia Philately (FIAP), president of FIAP Grand Prix Club, formerly vice president of FIAP and winner of two Grand Prix International at FIP Exhibitions. He is also a president of the Hong Kong Branch of the King's College London Association, a permanent advisor of Wah Yan (Hong Kong) Past Students Association and a chairman of Wah Yan Dramatic Society. Mr. Kwan is a committee member and legal advisor of South China Athletic Association and former vice manager of its Football Section as well as manager of its Ten Pin Bowling Section and an honorary legal advisor of the Hong Kong Society for Reproductive Society.

Mr. Kwan was commissioner general and vice chairman of the Organizing Committees of the Hong Kong 1994, 1997, 2001 and 2004 International Stamp Exhibitions and was commissioner general and chairman of the Organizing Committees of the Hong Kong 2009 and 2015 International Stamp Exhibitions. He served on the Hong Kong Golf Club General Committee on several occasions in various capacities. He graduated from King's College, London University and is a fellow of King's College London, the Institute of Arbitrators and the Royal Philatelic Society, London.

For the year ended 30 June 2023, Mr. Kwan is entitled to receive fees of HK$300,000 for being a Director of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Kwok Kai-chun, Geoffrey
BA
Non-Executive Director (Age: 38)

Mr. Kwok has been a Non-Executive Director of the Company since December 2018. He holds a Bachelor of Arts degree in Economics from Yale University. Mr. Kwok joined the Group in May 2008 and has participated in managing the hotels and serviced apartments of the Group in Hong Kong and on the mainland. He is a director of a subsidiary in the hotel division of the Group. Prior to joining the Group, he worked in an international investment bank. He is also a director of Empire Group Holdings Limited.

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward. He is a director of Asporto Limited, which has interests in the shares of the Company and such interests have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Kwok Kai-fai, Adam
MBA, BSc, SBS
Executive Director (Age: 40)

Mr. Kwok has been an Executive Director of the Company since December 2014. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Kwok holds a Bachelor of Science degree in Management Science and Engineering from Stanford University and a Master's degree in Business Administration from Harvard Business School. He worked in an international investment bank prior to joining the Group in November 2008, and has substantial experience in corporate finance. He is currently responsible for the planning, development and management of residential and commercial projects of the Group in Hong Kong and on the mainland. Since April 2013, he has taken up the overall responsibilities for the property business in Southern China. Mr. Kwok is also an independent non-executive director of The Bank of East Asia (China) Limited.

Mr. Kwok is a member of the 14th National Committee of the Chinese People's Political Consultative Conference and a standing committee member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference. He is also a vice-president of The Real Estate Developers Association of Hong Kong, a member of the Economic Advancement Expert Group of the Chief Executive's Policy Unit of the Government of the Hong Kong Special Administrative Region, a member of the Major Sports Events Committee, a member of the International Advisory Council of the Faculty of Business and Economics of The University of Hong Kong, an advisor of Our Hong Kong Foundation and a president of Hong Kong United Youth Association. In addition, Mr. Kwok is a founder and executive chairman of Hong Kong Guangdong Youth Association, a standing committee member of All-China Youth Federation and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation. He was awarded the Silver Bauhinia Star in 2022 by the Government of the Hong Kong Special Administrative Region.

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$9.54 million.

Directors' Biographical Information

Kwok Kai-wang, Christopher
MBA, BSc, JP
Executive Director (Age: 36)

Mr. Kwok has been an Executive Director of the Company since April 2016. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Kwok holds a Bachelor of Science Degree in Chemistry from Harvard University and a Master's degree in Business Administration from Stanford Graduate School of Business. He joined the Group in 2011 and is primarily responsible for the leasing of residential, retail and commercial properties of the Group in Hong Kong and on the mainland. Besides, he assumes the overall responsibilities for the property business of the Group in Northern China. Mr. Kwok also assists the Chairman of the Company in all other non-property businesses of the Group in which he is a non-executive director of SUNeVision Holdings Ltd. Mr. Kwok has been appointed as a non-executive director of Transport International Holdings Limited with effect from 15 June 2023.

In addition, Mr. Kwok is a member of the General Committee of the Employers' Federation of Hong Kong and an advisor and a member of the Development Committee of Our Hong Kong Foundation. He is also a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation.

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey, and the younger brother of Mr. Kwok Ho-lai, Edward.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$8.92 million, including a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd.

Tung Chi-ho, Eric
BA(AS)Hons, BArch, HKIA, Registered Architect, Authorised Person (List of Architects)
Executive Director (Age: 64)

Mr. Tung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Tung holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from The University of Hong Kong. He is a member of The Hong Kong Institute of Architects and a Registered Architect. Mr. Tung joined the Group in 1987 and has progressed through the ranks with increasing project management, sales and marketing responsibilities for a number of signature projects of the Group in Hong Kong and Singapore and on the mainland. He is also an executive director of SUNeVision Holdings Ltd.

For the year ended 30 June 2023, Mr. Tung is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$23.30 million, including a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd.

Fung Yuk-lun, Allen
BA, Ph.D.
Executive Director (Age: 55)

Mr. Fung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company, the chief executive officer of the Group's non-property related portfolio investments, and a director of certain subsidiaries of the Company. Mr. Fung obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. He was a recipient of a Guggenheim Fellowship in 1996. Mr. Fung was a Teaching Fellow at Harvard University in 1993-1994 and a visiting Assistant Professor of History at Brown University in 1996-1997. Mr. Fung is a vice chairman and an executive director of SUNeVision Holdings Ltd. as well as a deputy chairman and an executive director of SmarTone Telecommunications Holdings Limited. He is also a non-executive director of Transport International Holdings Limited.

Mr. Fung joined McKinsey & Company ("McKinsey"), a global management consulting company, in 1997. He primarily served clients on the mainland and in Hong Kong, and also served institutions in Europe and Southeast Asia. Mr. Fung was the co-leader of the infrastructure practice for McKinsey. He was the managing partner of McKinsey Hong Kong from 2004 to 2010. In 2011, he became a director of McKinsey globally, being the first Hong Kong Chinese to become a director in McKinsey's history. He was also the head of recruiting for the Asia region in McKinsey.

Mr. Fung is a member of the General Committee of the Hong Kong General Chamber of Commerce, the vice president of The Hong Kong Federation of Youth Groups, and has been elected a professor of practice of The Hong Kong Management Association. He is also a board member of the Hong Kong Tourism Board, the vice-chairman of the board of the Hong Kong Philharmonic Society Limited, and a member of the Museum Advisory Committee of the Leisure and Cultural Services Department of the Government of the Hong Kong Special Administrative Region.

For the year ended 30 June 2023, Mr. Fung is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$23.00 million, including fees of HK$52,500 and HK$162,000 for being a vice chairman and a director of SUNeVision Holdings Ltd. as well as a deputy chairman and a director of SmarTone Telecommunications Holdings Limited respectively.

Lau Tak-yeung, Albert
MRICS, MHKIS
Executive Director (Age: 58)

Mr. Lau has been an Executive Director of the Company since August 2022. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Lau graduated from the University of Reading, United Kingdom with a Bachelor of Science degree in Land Management. He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. Before joining the Group, Mr. Lau has a successful career track record of more than 27 years in two reputable international real estate consultancy firms, during most of which he was responsible for their mainland business.

Mr. Lau joined the Group in 2017 and has been stationed in Shanghai since then. Apart from being responsible for business development and government relations work on the mainland, Mr. Lau has also taken up the overall leadership of the Group's property business in Eastern China, Beijing and Chengdu, both for the existing projects and the new projects under planning and review.

Mr. Lau is entitled to receive a fee of approximately HK$256,000 for being a Director of the Company and other emoluments of approximately HK$16.73 million for the period from 23 August 2022 (being the date of his appointment as a Director) to 30 June 2023.

Directors' Biographical Information

Fung Sau-yim, Maureen
BSc(Hons) Est. Mgt., MHousMan (Distinction), MBA, FHKIS, FRICS, RPS (GP), CIREA, FISCM
Executive Director (Age: 61)

Ms. Fung has been an Executive Director of the Company since August 2022. She is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Ms. Fung holds a Bachelor of Science degree in Estate Management from the University of Reading, United Kingdom, an MBA degree from the Northeast Louisiana University, United States and a Master's degree of Housing Management with distinction from The University of Hong Kong. She was elected as distinguished alumni of the Centre of Urban Studies and Urban Planning of The University of Hong Kong (1980-2010). She is a fellow member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors, a registered professional surveyor and a China Real Estate Appraiser. She is also the founding chairman of the Institute of Shopping Centre Management in Hong Kong.

Ms. Fung joined the Group in 1991 and has progressed through the ranks. She is responsible for strategic planning, development and management of various key shopping malls of the Group in Hong Kong, Shanghai, Nanjing, Beijing and Hangzhou.

Ms. Fung is a board member of Ocean Park Corporation as well as a member of the Aviation Development and Three-runway System Advisory Committee. She is also a member of the Tourism Strategy Group under the Tourism Commission and the Advisory Committee on Arts Development both of the Culture, Sports and Tourism Bureau. Ms. Fung was granted Hong Kong ten outstanding woman volunteer award by Radio Television Hong Kong and Hong Kong Young Women's Christian Association, the Secretary of Home Affair's Certificate of Commendation and the Chief Executive's Commendation for Community Service.

Ms. Fung is entitled to receive a fee of approximately HK$256,000 for being a Director of the Company and other emoluments of approximately HK$20.08 million for the period from 23 August 2022 (being the date of her appointment as a Director) to 30 June 2023.

Chan Hong-ki, Robert
BSc(BS), MHKIS, MRICS, RPS(BS), AP(Surveyor)
Executive Director (Age: 59)

Mr. Chan has been an Executive Director of the Company since August 2022. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Chan graduated from The Hong Kong Polytechnic University and holds a Bachelor's degree from the University of Greenwich. He is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors and a registered professional surveyor. He is also an Authorised Person under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong).

Mr. Chan joined the Group in 1993 and has progressed through the ranks. He is a project director for various key residential, commercial, industrial and mixed developments of the Group in Hong Kong, Hangzhou and Guangzhou, and is also responsible for design aspects including architectural, structural, electrical and mechanical, landscape and interior design of various development projects of the Group. In addition, he has been involved in conducting feasibility studies on most of the new tender sites. He is also a non-executive director of SUNeVision Holdings Ltd. and a director of BEAM Society Limited.

Mr. Chan is entitled to receive a fee of approximately HK$256,000 for being a Director of the Company and other emoluments of approximately HK$16.51 million for the period from 23 August 2022 (being the date of his appointment as a Director) to 30 June 2023. He is also entitled to receive a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd. for the year ended 30 June 2023.

Kwok Ho-lai, Edward
EMBA, BA
Alternate Director to Kwok Ping-luen, Raymond (Age: 42)

Mr. Kwok has been an Alternate Director to Mr. Kwok Ping-luen, Raymond since July 2012. He is also a director of certain subsidiaries of the Company. He holds a Bachelor of Arts degree from Yale University and a Postgraduate Diploma in Professional Accountancy from The Chinese University of Hong Kong. He has also obtained an Executive MBA degree from the Kellogg School of Management and the HKUST Business School in December 2017. His professional qualifications include being a fellow member of the Hong Kong Institute of Certified Public Accountants since September 2020 and being a fellow member of The Institute of Chartered Accountants in England and Wales since February 2020. In addition, Mr. Kwok has been an alternate director to Mr. Kwok Ping-luen, Raymond at Wing Tai Properties Limited since April 2015.

Mr. Kwok has joined the Group since January 2010 and is now a sales and project manager, responsible for feasibility study, marketing and planning of new residential projects of the Group in Hong Kong. Before joining the Group, Mr. Kwok worked in a major international audit firm.

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey, and the elder brother of Mr. Kwok Kai-wang, Christopher.

All the Directors and Alternate Directors of the Company have not entered into any service contract with the Company. In accordance with the articles of association of the Company, Directors are subject to retirement by rotation and shall be eligible for re-election at the annual general meetings of the Company, and the appointment of Alternate Directors will cease if their appointors cease to be Directors of the Company.

The Directors' fees are proposed by the Board of Directors and approved by the shareholders of the Company at the annual general meeting and their other emoluments are subject to review by the Board of Directors from time to time pursuant to the power given to it under the articles of association of the Company with reference to their contributions in terms of time, effort and accomplishments. Alternate Directors shall not be entitled to receive from the Company any remuneration in respect of their appointment as Alternate Directors except only such part (if any) of the remuneration otherwise payable to their appointors as such appointors may by notice in writing to the Company from time to time direct.

Senior Management

The Executive Directors of the Company are also members of the senior management of the Group.

Executive Committee

Executive Committee

All Executive Directors of the Company are members of the Executive Committee of the Company. Other members and their profiles are as follows:

Yung Sheung-tat, Sandy

BA(Law)Hons

Mr. Yung holds a Bachelor of Arts degree in Law from Middlesex University, England. He has been qualified as a solicitor in Hong Kong since 1987 and was admitted as a solicitor in England and Wales in 1991 and as an advocate and solicitor in Singapore in 1995. Mr. Yung joined the Group in 1996 and is currently the Group General Counsel and Company Secretary of the Company. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since July 2009.

Li Ching-kam, Frederick

CPA

Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1989 and is currently the Group Chief Accountant. Mr. Li has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since October 2015.

Lam Ka-keung, Henry

BSc(Hons), MSc(Const & Real Est)

Mr. Lam holds a Bachelor degree of Science from The Chinese University of Hong Kong and a Master degree of Science in Construction and Real Estate from The Hong Kong Polytechnic University. He joined the Group in 1993 and is currently responsible for strategic planning of shopping malls and new project development with retail component. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since April 2019.

The following are the associate members of the Executive Committee, who hold major positions in the Group, and who have been invited by the Executive Committee to attend its meetings regularly and to contribute their experience and expertise to assist the Executive Committee in its decision-making process:

Sum Hong-ning, Brian	–	General Manager, Corporate Planning
Lung Po-kwan	–	Chief Financial Officer, Mainland China
Fung Chu-hee, Andrew	–	Manager, Chairman's Office

Independent Auditor's Report and Consolidated Financial Statements

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF SUN HUNG KAI PROPERTIES LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 175 to 244, which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole and because significant judgment is involved in determining the inputs used in the valuation. As at 30 June 2023, the Group's investment properties amounted to HK$403,559 million which represented 50.1% of the Group's total assets. Decrease in fair value of investment properties of HK$593 million was recognized in the consolidated income statement for the year then ended. The Group's investment properties are stated at fair value based on the valuation carried out by independent qualified valuers (the "Valuers"). The valuation was dependent on certain key estimates which requires significant judgment, including capitalization rates. The valuation of investment properties under development are also dependent on the estimated costs to complete and expected developer's profit margin. Details of the valuation methodology and key inputs used in the valuation are disclosed in note 12 to the consolidated financial statements.	Our procedures in relation to the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers; • Assessing the appropriateness and reasonableness of the valuation methodology, key assumptions and estimates used in the valuations, by comparing them to an estimated range, on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry; and • Assessing the completeness and consistency of information provided by the Group to the Valuers; and evaluating the accuracy of the key inputs used in the valuation on a sample basis.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Assessment of the net realizable values of properties for sale	
We identified the assessment of the net realizable values of properties for sale as a key audit matter as the properties for sale is significant to the Group's consolidated financial statements as a whole; and the Group's assessment of the carrying values of properties for sale, being the lower of cost and net realizable value, takes into account the price ultimately expected to be realized and the anticipated costs to completion. As disclosed in note 20 to the consolidated financial statements, the Group's properties for sale amounted to HK$211,639 million which represented 26.3% of the Group's total assets, as at 30 June 2023.	Our procedures in relation to the Group's assessment of the net realizable values of properties for sale included: • Assessing the reasonableness of the net realizable values of properties for sale, on a sample basis, by comparing the carrying values with the market prices achieved less future costs to completion in the same projects or comparable properties, based on our knowledge of the Group's business and current market development in the real estate industry; and • Obtaining an understanding of the management's process in estimating the future costs to completion for the properties under development for sale; and assessing the reasonableness of their estimations, on a sample basis, by comparing the expected costs to the Group's development budgets and the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents.
Revenue recognition of property sales	
We identified revenue recognition of property sales as a key audit matter as it is significant to the consolidated income statement and there is judgment involved in determining the appropriate point in time for recognizing revenue from property sales. The Group's revenue from property sales for the year ended 30 June 2023 amounted to HK$26,183 million, which is disclosed in note 3 to the consolidated financial statements, and represented 36.8% of the Group's revenue. As disclosed in note 2(c)(i) to the consolidated financial statements, revenue from sale of properties is recognized when control over the ownership or physical possession of the property is transferred to the customers.	Our procedures in relation to revenue recognition of property sales included: • Obtaining an understanding on the management's controls over the determination of appropriate point in time to recognize revenue and testing the effectiveness of such controls; and • Assessing whether the controls over the ownership of the properties have been transferred to the buyers, on a sample basis, with reference to the correspondences issued by the relevant government authorities and the terms set out in the sales and purchase agreements and checking the status of the transfer of the properties to the buyers.

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.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 judgment 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 (cont'd)

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

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

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

We communicate with 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.

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 Lee Po Chi.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
7 September 2023

Consolidated Income Statement

For the year ended 30 June 2023
(Expressed in millions of Hong Kong dollars)

	Notes	2023	2022
Revenue	3(a)	**71,195**	77,747
Cost of sales		**(36,737)**	(37,906)
Gross profit		**34,458**	39,841
Other net income		**411**	601
Selling and marketing expenses		**(4,179)**	(4,047)
Administrative expenses		**(3,145)**	(3,033)
Operating profit		**27,545**	33,362
Change in fair value of investment properties		**(593)**	(2,619)
Finance costs		**(3,053)**	(2,116)
Finance income		**554**	369
Net finance costs	5	**(2,499)**	(1,747)
Share of results of:			
Associates		**738**	214
Joint ventures		**3,331**	2,576
		4,069	2,790
Profit before taxation	6	**28,522**	31,786
Taxation	9	**(3,947)**	(5,655)
Profit for the year		**24,575**	26,131
Profit for the year attributable to:			
Company's shareholders		**23,907**	25,560
Non-controlling interests		**668**	571
		24,575	26,131
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	11(a)		
Basic and diluted		**$8.25**	$8.82
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)	11(b)		
Basic and diluted		**$8.24**	$9.91

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023
(Expressed in millions of Hong Kong dollars)

	2023	2022
Profit for the year	**24,575**	26,131
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of Mainland subsidiaries		
– exchange difference arising during the year	**(7,675)**	(2,570)
– exchange gains released on disposal of subsidiaries	**–**	(229)
	(7,675)	(2,799)
Cash flow hedge		
– fair value (losses)/gains recognized directly through other comprehensive income	**(400)**	627
– fair value gains transferred to consolidated income statement	**(87)**	(110)
	(487)	517
Debt securities		
– fair value losses recognized directly through other comprehensive income	**(2)**	(25)
– fair value gains transferred to consolidated income statement	**–**	(6)
	(2)	(31)
Share of other comprehensive loss of associates and joint ventures	**(1,764)**	(941)
Items that will not be reclassified to profit or loss:		
Fair value losses of equity securities at fair value through other comprehensive income	**(211)**	(56)
Revaluation of property, plant and equipment upon transfer to investment properties	**605**	49
Share of other comprehensive (loss)/income of an associate	**(38)**	157
Other comprehensive loss for the year	**(9,572)**	(3,104)
Total comprehensive income for the year	**15,003**	23,027
Total comprehensive income for the year attributable to:		
Company's shareholders	**14,448**	22,483
Non-controlling interests	**555**	544
	15,003	23,027

Consolidated Statement of Financial Position

As at 30 June 2023
(Expressed in millions of Hong Kong dollars)

	Notes	2023	2022
Non-current assets			
Investment properties	12	**403,559**	398,729
Property, plant and equipment	13	**47,168**	44,955
Associates	14	**7,715**	7,171
Joint ventures	15	**93,639**	94,221
Financial investments	16	**1,991**	3,030
Intangible assets	17	**5,079**	5,815
Other non-current assets	18	**4,057**	3,996
		563,208	557,917
Current assets			
Properties for sale	20	**211,639**	207,136
Inventories		**497**	478
Trade and other receivables	21	**14,757**	21,015
Financial investments	16	**610**	698
Bank deposits and cash	22	**15,280**	20,323
		242,783	249,650
Current liabilities			
Bank and other borrowings	23	**(7,508)**	(15,857)
Trade and other payables	24	**(32,288)**	(30,204)
Deposits received on sales of properties	25	**(4,162)**	(3,039)
Current tax payable		**(9,456)**	(13,276)
		(53,414)	(62,376)
Net current assets		**189,369**	187,274
Total assets less current liabilities		**752,577**	745,191
Non-current liabilities			
Bank and other borrowings	26	**(117,545)**	(109,074)
Deferred tax liabilities	27	**(23,910)**	(25,533)
Other non-current liabilities	28	**(4,326)**	(3,840)
		(145,781)	(138,447)
NET ASSETS		**606,796**	606,744
CAPITAL AND RESERVES			
Share capital	29	**70,703**	70,703
Reserves		**531,352**	531,243
Shareholders' equity		**602,055**	601,946
Non-controlling interests		**4,741**	4,798
TOTAL EQUITY		**606,796**	606,744

Directors:
Kwok Ping-luen, Raymond
Lui Ting, Victor

Consolidated Statement of Cash Flows

For the year ended 30 June 2023
(Expressed in millions of Hong Kong dollars)

	Notes	**2023**	2022
Operating activities			
Operating cash inflow	32(a)	**32,603**	37,784
Changes in working capital	32(a)	**1,565**	(15,342)
Cash generated from operations	32(a)	**34,168**	22,442
Interest expenses and other finance costs paid		**(4,586)**	(3,095)
Bank interest received		**551**	358
Interest received from investments		**85**	134
Dividends received from equity securities		**110**	139
Dividends received from associates and joint ventures		**3,375**	2,631
Tax paid			
– Hong Kong		**(5,119)**	(5,599)
– Outside Hong Kong		**(2,407)**	(1,618)
Net cash from operating activities		**26,177**	15,392
Investing activities			
Investment in joint ventures		**–**	(700)
Additions to investment properties		**(11,372)**	(8,839)
Additions to property, plant and equipment		**(4,262)**	(3,780)
Purchase of long-term financial investments		**(104)**	(136)
Repayment of capital from a joint venture		**298**	–
Net (advances to)/repayment from associates and joint ventures		**(1,371)**	163
Net cash outflow in respect of acquisition of subsidiaries	32(d)	**–**	(43)
Payment of mobile licence fees		**(220)**	(253)
Net cash inflow in respect of disposal of subsidiaries	32(e)	**–**	3,031
Net proceeds from disposal of investment properties		**404**	451
Proceeds from disposal of property, plant and equipment		**16**	5
Proceeds from disposal of other financial assets		**554**	609
Net cash used in investing activities		**(16,057)**	(9,492)
Financing activities			
Drawdown of bank and other borrowings		**38,634**	27,205
Repayment of bank and other borrowings		**(37,380)**	(18,438)
Principal elements of lease payments		**(944)**	(938)
(Decrease)/increase in amounts due to non-controlling interests		**(45)**	32
Decrease/(increase) in bank deposits maturing after more than three months		**1,034**	(1,861)
Increase in pledged bank deposit		**(1)**	(40)
Proceeds from issue of shares by a subsidiary		**5**	7
Payment for repurchase of shares by a subsidiary		**(1)**	(22)
Purchase of additional interest in a subsidiary		**(3)**	(9)
Purchase of shares for share award scheme in a subsidiary		**(2)**	(4)
Dividends paid to Company's shareholders		**(14,344)**	(14,344)
Dividends paid to non-controlling interests		**(614)**	(497)
Net cash used in financing activities		**(13,661)**	(8,909)
Decrease in cash and cash equivalents		**(3,541)**	(3,009)
Cash and cash equivalents at beginning of year		**18,287**	21,646
Effect of foreign exchange rates changes		**(469)**	(350)
Cash and cash equivalents at end of year	32(b)	**14,277**	18,287

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023
(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders							
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
At 1 July 2021	70,703	493	1,373	3,530	517,721	593,820	5,806	599,626
Profit for the year	–	–	–	–	25,560	25,560	571	26,131
Exchange difference on translation of Mainland subsidiaries	–	–	–	(2,765)	–	(2,765)	(34)	(2,799)
Revaluation of property, plant and equipment upon transfer to investment properties	–	42	–	–	–	42	7	49
Fair value gains on cash flow hedge	–	517	–	–	–	517	–	517
Fair value losses on debt securities at fair value through other comprehensive income	–	–	(31)	–	–	(31)	–	(31)
Fair value losses on equity securities at fair value through other comprehensive income	–	–	(56)	–	–	(56)	–	(56)
Share of other comprehensive income/(loss) of associates and joint ventures	–	–	(112)	(777)	105	(784)	–	(784)
Other comprehensive (loss)/income for the year	–	559	(199)	(3,542)	105	(3,077)	(27)	(3,104)
Total comprehensive (loss)/income for the year	–	559	(199)	(3,542)	25,665	22,483	544	23,027
Recognition of equity-settled share-based payments	–	–	–	–	–	–	28	28
Lapse of share award/options of a subsidiary	–	–	–	–	1	1	(1)	–
Purchase of shares for share award scheme in a subsidiary	–	–	–	–	(3)	(3)	(1)	(4)
Vesting of share award in a subsidiary	–	–	–	–	5	5	(5)	–
Final dividend paid	–	–	–	–	(10,722)	(10,722)	–	(10,722)
Interim dividend paid	–	–	–	–	(3,622)	(3,622)	–	(3,622)
Adjustments relating to changes in interests in subsidiaries	–	7	–	–	(23)	(16)	(8)	(24)
Disposal of subsidiaries	–	–	–	–	–	–	(1,068)	(1,068)
Dividends to non-controlling interests	–	–	–	–	–	–	(497)	(497)
At 30 June 2022	70,703	1,059	1,174	(12)	529,022	601,946	4,798	606,744

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023
(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders							
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
At 1 July 2022	70,703	1,059	1,174	(12)	529,022	601,946	4,798	606,744
Profit for the year	–	–	–	–	23,907	23,907	668	24,575
Exchange difference on translation of Mainland subsidiaries	–	–	–	(7,564)	–	(7,564)	(111)	(7,675)
Revaluation of property, plant and equipment upon transfer to investment properties	–	605	–	–	–	605	–	605
Fair value losses on cash flow hedge	–	(487)	–	–	–	(487)	–	(487)
Fair value losses on debt securities at fair value through other comprehensive income	–	–	(2)	–	–	(2)	–	(2)
Fair value losses on equity securities at fair value through other comprehensive income	–	–	(209)	–	–	(209)	(2)	(211)
Transfer to retained profits upon disposal of equity securities	–	–	(475)	–	475	–	–	–
Share of other comprehensive income/(loss) of associates and joint ventures	–	–	112	(1,779)	(135)	(1,802)	–	(1,802)
Other comprehensive (loss)/income for the year	–	118	(574)	(9,343)	340	(9,459)	(113)	(9,572)
Total comprehensive (loss)/income for the year	–	118	(574)	(9,343)	24,247	14,448	555	15,003
Recognition of equity-settled share-based payments	–	–	–	–	–	–	20	20
Lapse of share award/options of a subsidiary	–	–	–	–	6	6	(6)	–
Purchase of shares for share award scheme in a subsidiary	–	–	–	–	(1)	(1)	(1)	(2)
Vesting of share award in a subsidiary	–	–	–	–	1	1	(2)	(1)
Final dividend paid	–	–	–	–	(10,722)	(10,722)	–	(10,722)
Interim dividend paid	–	–	–	–	(3,622)	(3,622)	–	(3,622)
Adjustments relating to changes in interests in subsidiaries	–	(1)	–	–	–	(1)	3	2
Liquidation of a subsidiary	–	–	–	–	–	–	(12)	(12)
Dividends to non-controlling interests	–	–	–	–	–	–	(614)	(614)
At 30 June 2023	70,703	1,176	600	(9,355)	538,931	602,055	4,741	606,796

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards and interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance (Cap. 622) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value, as explained in the principal accounting policies set out in Note 2.

In the current year, the Group has adopted a number of amendments to HKFRSs issued by the HKICPA that are effective for the first time for the Group's financial year beginning 1 July 2022. None of these amendments had a material impact on the Group's financial statements.

The Group has not applied any new standard or amendment that is not effective for the current year.

2. Principal Accounting Policies

(a) *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries (together referred to as the "Group") made up to 30 June each year and the Group's interests in associates and joint ventures on the basis set out in Note 2(e) and Note 2(f) below, respectively. The financial statements of the associates and joint ventures used for this purpose are either coterminous with the financial statements of the Company or cover a year end not more than three months before the Company's year-end. The results of subsidiaries, associates and joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or to the effective date of disposal. Accounting policies of subsidiaries, joint ventures and associates have been changed when necessary to ensure conformity with the Group's accounting policies.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Group companies are eliminated in full on consolidation. Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the content that there is no evidence of impairment of the asset transferred.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly to the Company. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions, whereby the carrying amounts of the Group's interests 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 recognized directly in equity and attributed to the equity shareholders of the Company.

2. Principal Accounting Policies (cont'd)

(b) Revenue

Income is classified by the Group as revenue when it arises in the course of the Group's ordinary activities. Revenue from the Group's principal activities comprises proceeds from sale of properties, gross rental income from properties letting under operating leases, revenue from hotel operations, telecommunications, transport infrastructure and logistics, data centre operations and revenue derived from other business activities including department store, financial services, property management and construction. Group revenue does not include the revenue of associates and joint ventures.

(c) Revenue recognition

The Group recognizes revenue from contracts with customers when control over a product or service is transferred to the customer at the transaction price to which the Group expects to be entitled in exchange for the promised product and service, excluding those amounts collected on behalf of third parties (such as value added tax or other sales taxes) and after deduction of any trade discounts. Transfer of control may be at a point in time or over time, dependent on the nature and terms of and laws applicable to the contracts. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of financing component if it is significant.

Further details of the Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are as follows:

(i) Property sales

Revenue from sale of properties is recognized when the control over the ownership or physical possession of the property is transferred to the customer, which is the point in time when the Group satisfies its performance obligations under the contracts.

Deposits and instalments received on properties sold prior to the date of revenue recognition are presented in the statement of financial position as deposits received on sale of properties which are regarded as contract liabilities.

(ii) Rental income

Lease payments from properties letting under operating leases are recognized as rental income over the lease term on either a straight line basis or another systematic basis that is more representative of the pattern in which benefit from the use of the underlying leased asset is diminished. Contingent rentals are recognized in the accounting period in which they are earned.

(iii) Hotel operations

Revenue from hotel operations is recognized when the accommodation and related services are provided.

(iv) Telecommunications

Revenue from services is measured based on the usage of the Group's telecommunications network and facilities and is recognized when the services are rendered. Service revenue in respect of standard service plans billed in advance is deferred and included under contract liabilities. For sales of handset, equipment and gifts, revenue is recognized when the products are delivered to and accepted by the customer. When multiple-element arrangements exist, the amount of revenue recognized for each performance obligation is determined by considering the standalone selling prices or estimated fair values of each of the services element and handset device element provided within the bundled contracts.

2. Principal Accounting Policies (cont'd)

(c) Revenue recognition (cont'd)

(v) Transport infrastructure and logistics

Toll income from toll road operations is recognized upon the passage of vehicles through the toll road.

Revenue from operation of business aviation centre including aircraft and passengers handling, fuel sales and hangar fee is recognized over time based on usage of services.

Management fee income from management and operation of tunnel, road infrastructure and car park facilities is recognized when the services are provided and in accordance with the terms of the management contracts.

Income from logistic and freight forwarding services is recognized when the services are rendered.

(vi) Data centre operations

Revenue from customers' use of data centre and information technology ("IT") facilities is recognized rateably over the terms of the agreement in the amount which the Group has right to invoice while other value-added service income is recognized over the period of service.

(vii) Department store operations

Revenue from sale of goods is recognized at point of sale when the customer takes possession of and accepts the product. Commission income from concessionaire sales is recognized upon sales of goods by counter suppliers.

(viii) Financial services

Interest income from loan financing business is accrued on a time basis using the effective interest method. Premiums from general insurance business are recognized as revenue proportionally over the period of coverage.

(ix) Property management

Income from provision of property and facilities management services is recognized when the services are rendered.

(x) Construction

Revenue in respect of building construction job is recognized over the contract period based on the stage of completion method measured by reference to the proportion that costs incurred to date bear to estimated total costs for the contract.

(xi) Investment income

Dividend income from equity investments is recognized when the right to receive payment is established.

Interest income from financial investments is recognized using the effective interest method.

2. Principal Accounting Policies (cont'd)

(d) Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated from the date that control ceases.

Upon loss of control of a subsidiary, the Group derecognizes the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests (including any components of other comprehensive income attributable to them) in the former subsidiary. If the Group retains any investment in that former subsidiary, then such investment is remeasured at fair value at the date when control is lost and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture. All amounts previously recognized in other comprehensive income in relation to that subsidiary are reclassified to profit or loss or transferred directly to retained earnings if required by other HKFRSs. The surplus or deficit arising from the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any interest retained in the former subsidiary and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary attributable to the equity shareholders of the Company is recognized as a gain or loss on disposal in the consolidated profit or loss.

In the Company's statement of financial position, investments in subsidiary companies are stated at cost less provision for any impairment losses. Income from subsidiary companies is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

(e) Associates

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and other comprehensive income ("OCI") less any identified impairment loss.

In the Company's statement of financial position, investments in associates are stated at cost less provision for any impairment losses. Income from associates is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

(f) Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

(i) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement in accordance with contractual arrangements.

2. Principal Accounting Policies (cont'd)

(f) Joint arrangements (cont'd)

(i) Joint ventures (cont'd)

Results of joint ventures are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in joint ventures are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and OCI less any identified impairment loss.

In the Company's statement of financial position, investments in joint ventures are stated at cost less provision for any impairment losses. Income from joint ventures is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement in accordance with contractual arrangements.

Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(g) Intangible assets

(i) Mobile licences

Spectrum utilization fees represent the payments for using the assigned spectrum to provide telecommunication services in Hong Kong within a specified period. The upfront payments and the present value of the annual fixed fees payable over the period are recorded as intangible assets, together with the related obligations. Amortization is provided on a straight line basis over the remaining assignment period from the date when the asset is ready for its intended use.

The difference between the discounted value and the total of the minimum annual fee payments represents the effective cost of financing and, accordingly, for the period prior to the asset being ready for its intended use, is capitalized as part of the intangible asset. Subsequent to the date when the asset is ready for its intended use, such finance costs are charged to the consolidated income statement in the year in which they are incurred.

Variable annual payments are recognized in the consolidated income statement as incurred.

(ii) Goodwill

Goodwill on acquisition of subsidiaries or business is measured initially at cost, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and any fair value of the Group's previously held equity interest in the acquiree over the fair value of the acquiree's net identifiable assets acquired and liabilities assumed as at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

2. Principal Accounting Policies (cont'd)

(g) Intangible assets (cont'd)

(ii) Goodwill (cont'd)

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized directly in the consolidated income statement.

Goodwill on acquisition of associates and joint ventures, being the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired, is included in the carrying amount of the investments in associates and joint ventures respectively and is not tested for impairment separately.

On disposal of a subsidiary, associate or joint venture, the carrying amount of goodwill attributable to the entity sold is included in the calculation of the profit or loss on disposal.

(iii) Concession assets

The Group has entered into a service concession arrangement with the Government of Hong Kong Special Administrative Region ("HKSAR Government") to participate in the development, financing, operation and maintenance of toll road infrastructures. Under the arrangement, the Group carries out the construction of toll road for the granting authority and receives in exchange a right to operate the toll road and the entitlement to toll fees collected from users of the toll road. The assets including the cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement are recorded as intangible assets. Once the underlying infrastructure of the concession arrangement is completed, the concession assets are amortized over the term of the concession on a straight line basis.

(h) Contract acquisition and fulfilment costs

Costs of obtaining and fulfilling a contract with a customer are capitalized as an asset if (i) the costs are incremental of obtaining the contract and they are expected to be recovered; and (ii) the costs of fulfilling a contract relate directly to the contract, generate or enhance resources of the Group that will be used in satisfying performance obligations in the future and are expected to be recovered. Capitalized contract costs are amortized on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the asset relates. Impairment loss is recognized to the extent that the carrying amount of the capitalized costs exceeds the remaining considerations to be received less the future costs to be incurred.

(i) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains right to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net contract asset or net contract liability depending on the relationship between the remaining rights and the performance obligations.

A contract asset is recognized when the Group transfers a good or performs a service in the contract before receiving consideration from the customer or when the cumulative revenue recognized exceeds cumulative payments made by the customer. A contract asset is transferred to a receivable when the right to receive the consideration becomes unconditional. Conversely, a contract liability is recognized when the amounts received from a customer exceed revenue recognized for a contract or when advance payment is received from a customer before a good or service is transferred. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

2. Principal Accounting Policies (cont'd)

(i) Contract assets and contract liabilities (cont'd)

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortized cost. Contract liabilities are recognized as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations. Deposits received on sales of properties are regarded as contract liabilities and presented separately on the face of the consolidated statement of financial position under current liabilities.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Group are classified in four categories:

- Financial assets at amortized cost
- Debt investments at FVOCI
- Equity investments designated at FVOCI
- Financial assets at FVTPL

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables, loan receivables and certain debt investments.

2. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Debt investments at FVOCI

The Group measures debt investments at FVOCI if both of the following conditions are met:

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

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. Fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Equity investments designated at FVOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Cumulative gains and losses recognized in OCI are transferred to retained profits on disposal.

Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group has elected to classify irrevocably certain equity investments under this category.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are mandatorily required to be measured at FVTPL.

This category includes financial assets held for trading, derivative instruments, equity investments which the Group had not irrevocably elected to classify at FVOCI, and debt investments with cash flows that are not solely payments of principal and interest.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are carried in the statement of financial position at fair value. Net gains and losses, including dividend or interest income, are recognized in profit or loss.

2. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Derecognition of financial assets

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows in a transaction in which the Group has transferred substantially all the risks and rewards of ownership of the asset or in which the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group enters into transactions whereby it transfers its rights to receive cash flows from an asset, but retains substantially all of the risks and rewards of ownership or control of the transferred asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not measured at FVTPL:

- financial assets measured at amortized cost, and
- debt investments measured at FVOCI.

ECLs are a probability-weighted estimate of credit losses, measured based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months after the reporting date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses that result from all possible default events over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

2. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets (cont'd)

Loss allowance for financial assets measured at amortized cost is deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI instead of reducing the carrying amount of the assets.

The Group considers a financial asset in default when the Group is unlikely to receive the outstanding contractual amounts in full, without recourse by the Group to action such as realizing the security (if any is held). A financial asset can be classified as in default but without an allowance for credit losses (i.e. no impairment loss is expected) after taking into account the value of collateral held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Write-offs can relate to a financial asset in its entirety, or to a portion of it, and constitute a derecognition event.

(ii) Financial liabilities

Classification and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. The Group has not designated any financial liability at FVTPL.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. These include trade and other payables, loans and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

2. Principal Accounting Policies (cont'd)

(k) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and currency forwards to hedge its interest rate and foreign currency risk exposures.

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purpose of hedge accounting, hedges are classified as:

(a) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;

(b) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized commitment; and

(c) hedges of a net investment in a foreign operation.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognized in profit or loss when the changes arise.

The Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The following hedges in place at the end of the reporting period qualified respectively as fair value and cash flow hedges under HKFRS 9. The Group's management strategies and hedge documentation are aligned with the requirements of HKFRS 9 and are thus treated as continuing hedges. The Group has not designated any derivative financial instruments as hedges of net investment in foreign operations.

(a) Cash flow hedge

Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and they are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognized in OCI, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense and/or exchange differences from the translation of the borrowings are recognized in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognized immediately in profit or loss.

2. Principal Accounting Policies (cont'd)

(k) Derivative financial instruments and hedge accounting (cont'd)

(b) Fair value hedge

Interest rate swaps and cross currency interest rate swaps

The Group has entered into fixed to floating interest rate swaps that are fair value hedges for the fair value exposures to interest rate movements of its borrowings ("hedged item"). The fair value changes on the hedged item resulting from the fair value risk are recognized in profit or loss. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognized in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognized separately in profit or loss.

(l) Investment properties

Investment properties are land and buildings (including leasehold property interests owned or held as a right-of-use asset) held for long term rental yields or capital appreciation or both, and are not occupied by the Group. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are measured initially at cost including transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by independent qualified valuers at each reporting date on the highest and best use basis, and separate values are not attributed to land and buildings. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit.

Costs incurred subsequently to develop, refurbish or replace part of an investment property are recognized in the asset's carrying amount prior to fair value re-assessment only when it is probable that future economic benefits associated with the cost item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenditures in respect of an investment property are expensed in profit or loss as incurred.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is recognized in consolidated income statement in the period in which the asset is derecognized.

(m) Property, plant and equipment

Properties held for own use and other items of plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed items of property, plant and equipment comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

2. Principal Accounting Policies (cont'd)

(n) Depreciation of property, plant and equipment

(i) Land and buildings

Ownership interests in leasehold land of properties held for own use are depreciated over the unexpired term of their respective leases. Cost of building situated on leasehold land is depreciated on a straight-line basis over the shorter of the unexpired term of the lease and the building's estimated useful life.

Properties leased for own use under lease or tenancy contracts where the Group is not the owner of the property interests are depreciated on a straight-line basis over the shorter of the expected lease terms and their estimated useful lives, taking into consideration any renewal options in the contracts.

(ii) Plant and equipment

Plant and equipment are depreciated over their expected remaining useful lives of 2 to 25 years using a straight-line method, after deducting their estimated residual values, if any.

No depreciation is provided for development costs incurred on property, plant and equipment under construction.

(o) Properties for sale

(i) Stock of completed properties for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties.

Net realizable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price in the ordinary course of business less estimated selling expenses.

(ii) Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost and net realizable value. Cost comprises specifically identified costs, including land acquisition costs, development expenditure, capitalized borrowing costs and other related expenditures. Net realizable value is estimated by the management, taking into account the price ultimately expected to be realized and the anticipated costs to completion.

(p) Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using effective interest method. The carrying amount of hedged borrowings is adjusted for the change in fair value attributable to the hedged risk when accounting for fair value hedges set out in Note 2(k) applies.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

2. Principal Accounting Policies (cont'd)

(q) Inventories

Inventories comprising mainly building materials, hotel stocks, handsets and consumable goods are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(r) Translation of foreign currencies

Foreign currency transactions during the year are converted into functional currency at the market rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at closing rates of exchange ruling at the year end date. Exchange differences arising in these cases are dealt with in the consolidated income statement.

The assets and liabilities of overseas subsidiaries, associates and joint ventures expressed in their respective functional currencies are translated into Hong Kong dollars at the closing rates of exchange ruling at the year end date whereas the income statement are translated at average exchange rates for the year. Exchange differences arising on translation are recognized in OCI.

(s) Current and deferred income tax

Tax expense for the year comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the relevant amount of tax is recognized in OCI or directly in equity, respectively.

Current tax liabilities are recognized at the amount expected to be paid to the tax authorities, using tax rates enacted or substantively enacted at the reporting date. Current tax expense for the year comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized in full, using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits except that deferred tax is not recognized for temporary differences arising from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and based on the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities except for investment property. Deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the carrying amount of the property will be recovered entirely through sale.

2. Principal Accounting Policies (cont'd)

(t) *Provisions*

Provisions are recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle that obligation and the amount of obligation can be reliably estimated. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

(u) *Impairment of non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, properties for sale, inventories and deferred tax assets) to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Goodwill is tested annually for impairment whether or not there is any indication of impairment.

For impairment testing, assets are grouped into cash-generating units (CGU) for which there are separately identifiable cash flows. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss on goodwill is not reversed in subsequent period. For an asset other than goodwill, impairment loss is reversed only if there is a favourable change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(v) *Retirement benefit costs*

The retirement benefit costs charged to the consolidated income statement represent the contributions payable in respect of the current year to the Group's defined contribution schemes and the Mandatory Provident Fund Schemes.

(w) *Share-based payments*

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted at the grant date and expensed on a straight line basis over the relevant vesting periods with a corresponding increase in capital reserves within equity. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognized in consolidated income statement such that the calculated expense reflects the revised estimates with a corresponding adjustment to capital reserves.

At the time when the share options are exercised, the amount previously recognized in capital reserves will be transferred to share capital. When the share options are forfeited, lapsed or cancelled, after the vesting date or are still not exercised on the expiry date, the amount previously recognized in capital reserves will be transferred to retained profits.

2. Principal Accounting Policies (cont'd)

(x) Leases

The Group applies a control model to identify and distinguish a lease from a service contract on the basis of whether a customer is able to control the asset being leased. A contract is assessed for whether it is or contains a lease at its inception. A contract is or contains a lease if it provides a customer with the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed if the customer, throughout the period of the use, has both the right to direct the use and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

The Group as a lessee recognizes a right-of-use asset and a lease liability when a lease is capitalized at the commencement date, except for leases with a lease term of 12 months or less ("short-term leases") and leases of low-value assets. Payments in relation to short-term leases and leases of low-value assets are recognized as an expense in profit or loss on a straight line basis over the lease term.

The lease liability is initially measured at the present value of lease payments payable with reference to an expected lease term, which includes optional lease periods when the Group is reasonably certain to exercise the option to extend or not to terminate the lease. 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. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees and payments arising from options reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and are expensed in the period to which they relate.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing its carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, any initial direct costs incurred, the obligation to restore the asset, and any lease payments made in advance of the commencement date less any incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation, applying the depreciation requirements in HKAS 16 Property, Plant and Equipment and is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right-of-use assets are presented in property, plant and equipment, except for right-of-use assets that meet the definition of investment properties, which are presented in investment properties, and are subsequently measured at fair value, in accordance with the Group's accounting policy as set out in Note 2(l).

Lease liabilities are presented in other non-current liabilities with the payments due within 12 months from the balance sheet date classified in trade and other payables.

2. Principal Accounting Policies (cont'd)

(x) Leases (cont'd)

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee, and classified as an operating lease if it does not.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income from operating leases is recognized in accordance with Note 2(c)(ii).

(y) Non-current assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and investment properties that are carried at fair value. The classification applies when the Group is committed to a sale arrangement involving the loss of control in a subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

(Expressed in millions of Hong Kong dollars)

3. Segment Information

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and change in fair value of investment properties, which are reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

(a) Segment revenue and results

An analysis of the revenue and results for the year of the Group and its share of associates and joint ventures by reportable and operating segments is as follows:

For the year ended 30 June 2023

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	23,853	8,467	13	7	23,866	8,474
Mainland	2,330	1,175	2,920	1,650	5,250	2,825
	26,183	9,642	2,933	1,657	29,116	11,299
Property rental						
Hong Kong	14,996	11,081	2,742	2,168	17,738	13,249
Mainland	4,751	3,859	1,092	789	5,843	4,648
Singapore	–	–	741	564	741	564
	19,747	14,940	4,575	3,521	24,322	18,461
Hotel operations	3,504	74	711	87	4,215	161
Telecommunications	6,763	702	–	–	6,763	702
Transport infrastructure and logistics	4,276	1,239	3,623	348	7,899	1,587
Data centre operations	2,346	1,171	–	–	2,346	1,171
Other businesses	8,376	1,255	344	53	8,720	1,308
Segment total	71,195	29,023	12,186	5,666	83,381	34,689
Other net income		411		53		464
Unallocated administrative expenses		(1,889)		–		(1,889)
Operating profit		27,545		5,719		33,264
Change in fair value of investment properties						
Hong Kong		(231)		317		86
Mainland		(362)		61		(301)
Singapore		–		36		36
		(593)		414		(179)
Net finance costs		(2,499)		(587)		(3,086)
Profit before taxation		24,453		5,546		29,999
Taxation						
– Group		(3,947)		–		(3,947)
– Associates		–		(10)		(10)
– Joint ventures		–		(1,467)		(1,467)
Profit for the year		20,506		4,069		24,575

3. Segment Information (cont'd)

(a) Segment revenue and results (cont'd)

For the year ended 30 June 2022

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	32,841	14,806	37	26	32,878	14,832
Mainland	471	195	2,054	820	2,525	1,015
	33,312	15,001	2,091	846	35,403	15,847
Property rental						
Hong Kong	14,826	11,029	2,725	2,178	17,551	13,207
Mainland	5,612	4,795	963	720	6,575	5,515
Singapore	–	–	684	528	684	528
	20,438	15,824	4,372	3,426	24,810	19,250
Hotel operations	2,651	(343)	420	(86)	3,071	(429)
Telecommunications	6,957	744	–	–	6,957	744
Transport infrastructure and logistics	3,825	1,054	3,311	161	7,136	1,215
Data centre operations	2,086	1,044	–	–	2,086	1,044
Other businesses	8,478	1,271	399	68	8,877	1,339
Segment total	77,747	34,595	10,593	4,415	88,340	39,010
Other net income		601		50		651
Unallocated administrative expenses		(1,834)		–		(1,834)
Operating profit		33,362		4,465		37,827
Change in fair value of investment properties						
Hong Kong		(3,472)		(982)		(4,454)
Mainland		853		203		1,056
Singapore		–		448		448
		(2,619)		(331)		(2,950)
Net finance costs		(1,747)		(262)		(2,009)
Profit before taxation		28,996		3,872		32,868
Taxation						
– Group		(5,655)		–		(5,655)
– Associates		–		4		4
– Joint ventures		–		(1,086)		(1,086)
Profit for the year		23,341		2,790		26,131

Results from property sales include selling and marketing expenses of HK$576 million (2022: HK$418 million) and HK$111 million (2022: HK$173 million) that relate to pre-sale of property projects under construction in Hong Kong and Mainland, respectively.

Other businesses comprise revenue and profit derived from other activities including property management, department store operations and financial services.

Other net income includes mainly net gain on disposal of investment properties, net investment income from financial assets and gain on disposal of subsidiaries.

(Expressed in millions of Hong Kong dollars)

3. Segment Information (cont'd)

(b) Segment assets and liabilities

The Group's assets and liabilities by reportable and operating segments are analyzed as follows:

	The Company and its subsidiaries	Associates and joint ventures	Total assets	Total liabilities
At 30 June 2023				
Property development				
Hong Kong	**200,484**	**3,720**	**204,204**	**(16,647)**
Mainland	**16,680**	**6,182**	**22,862**	**(580)**
	217,164	**9,902**	**227,066**	**(17,227)**
Property investment				
Hong Kong	**298,012**	**68,475**	**366,487**	**(5,589)**
Mainland	**108,644**	**11,452**	**120,096**	**(2,955)**
Singapore	**–**	**5,044**	**5,044**	**–**
	406,656	**84,971**	**491,627**	**(8,544)**
Hotel operations	**27,487**	**1,875**	**29,362**	**(590)**
Telecommunications	**9,578**	**–**	**9,578**	**(4,994)**
Transport infrastructure and logistics	**2,814**	**4,261**	**7,075**	**(1,742)**
Data centre operations	**11,425**	**–**	**11,425**	**(1,654)**
Other businesses	**7,836**	**345**	**8,181**	**(4,350)**
	682,960	**101,354**	**784,314**	**(39,101)**
Bank deposits and cash			**15,280**	**–**
Financial investments			**2,601**	**–**
Bank and other borrowings			**–**	**(125,053)**
Unallocated corporate assets/(liabilities)			**3,796**	**(1,675)**
Current tax payable			**–**	**(9,456)**
Deferred tax liabilities			**–**	**(23,910)**
Total assets/(liabilities)			**805,991**	**(199,195)**
At 30 June 2022				
Property development				
Hong Kong	199,437	3,712	203,149	(13,210)
Mainland	17,810	7,253	25,063	(1,912)
	217,247	10,965	228,212	(15,122)
Property investment				
Hong Kong	287,015	67,226	354,241	(4,508)
Mainland	115,072	11,608	126,680	(2,228)
Singapore	–	4,897	4,897	–
	402,087	83,731	485,818	(6,736)
Hotel operations	26,432	1,928	28,360	(527)
Telecommunications	10,036	–	10,036	(5,242)
Transport infrastructure and logistics	3,071	4,439	7,510	(1,674)
Data centre operations	10,160	–	10,160	(1,178)
Other businesses	8,998	329	9,327	(4,586)
	678,031	101,392	779,423	(35,065)
Bank deposits and cash			20,323	–
Financial investments			3,728	–
Bank and other borrowings			–	(124,931)
Unallocated corporate assets/(liabilities)			4,093	(2,018)
Current tax payable			–	(13,276)
Deferred tax liabilities			–	(25,533)
Total assets/(liabilities)			807,567	(200,823)

3. Segment Information (cont'd)

(c) *Other segment information*

The Group's depreciation and amortization and additions to non-current assets by reportable and operating segments are analyzed as follows:

	Depreciation and amortization charged to consolidated income statement		Additions to non-current assets	
	2023	2022	**2023**	2022
Property investment for rental	**–**	–	**14,038**	9,468
Hotel operations	**539**	553	**855**	908
Telecommunications	**1,666**	1,740	**1,236**	1,390
Transport infrastructure and logistics	**691**	650	**456**	392
Data centre operations	**508**	457	**3,079**	2,223
Other businesses	**184**	185	**116**	237
Unallocated corporate assets	**36**	34	**8**	9
	3,624	3,619	**19,788**	14,627

(d) *Geographical information*

The Group's non-current assets by geographical location is analyzed as follows:

	2023			2022		
	The Company and its subsidiaries	**Associates and joint ventures**	**Consolidated**	The Company and its subsidiaries	Associates and joint ventures	Consolidated
Hong Kong	**343,412**	**77,032**	**420,444**	330,944	76,057	407,001
Mainland	**112,315**	**18,337**	**130,652**	118,476	19,541	138,017
Singapore	**–**	**5,044**	**5,044**	–	4,897	4,897
Others	**79**	**941**	**1,020**	79	897	976
	455,806	**101,354**	**557,160**	449,499	101,392	550,891
Other non-current assets			**4,057**			3,996
Financial investments			**1,991**			3,030
Total non-current assets			**563,208**			557,917

(Expressed in millions of Hong Kong dollars)

4. Revenue from Contracts with Customers

(a) Disaggregation of revenue from contracts with customers

The following tables present the Group's revenue from contracts with customers disaggregated into major business segments, primary geographical markets and according to the timing of revenue recognition, including a reconciliation of the disaggregated revenue with the amounts disclosed in the segment information.

For the year ended 30 June 2023

	Revenue from contracts with customers			Revenue	
	recognized at a point in time	recognized over time	Subtotal	from other sources	Total
(i) By segments					
Property sales	26,183	–	26,183	–	26,183
Property rental	–	2,122	2,122	17,625	19,747
Hotel operations	1,640	1,864	3,504	–	3,504
Telecommunications	2,217	4,546	6,763	–	6,763
Transport infrastructure and logistics	66	3,849	3,915	361	4,276
Data centre operations	–	2,346	2,346	–	2,346
Property management	204	5,179	5,383	–	5,383
Department store operations	2,303	–	2,303	–	2,303
Financial services and others	–	26	26	664	690
	32,613	19,932	52,545	18,650	71,195
(ii) Geographical markets					
Hong Kong	29,925	19,682	49,607	13,905	63,512
Mainland	2,475	208	2,683	4,745	7,428
Others	213	42	255	–	255
	32,613	19,932	52,545	18,650	71,195

4. Revenue from Contracts with Customers (cont'd)

(a) Disaggregation of revenue from contracts with customers (cont'd)

For the year ended 30 June 2022

	Revenue from contracts with customers			Revenue	
	recognized at a point in time	recognized over time	Subtotal	from other sources	Total
(i) By segments					
Property sales	33,312	–	33,312	–	33,312
Property rental	–	2,066	2,066	18,372	20,438
Hotel operations	1,318	1,333	2,651	–	2,651
Telecommunications	2,468	4,489	6,957	–	6,957
Transport infrastructure and logistics	39	3,421	3,460	365	3,825
Data centre operations	–	2,086	2,086	–	2,086
Property management	199	5,036	5,235	–	5,235
Department store operations	2,537	–	2,537	–	2,537
Financial services and others	–	16	16	690	706
	39,873	18,447	58,320	19,427	77,747
(ii) Geographical markets					
Hong Kong	38,820	18,223	57,043	13,822	70,865
Mainland	601	172	773	5,605	6,378
Others	452	52	504	–	504
	39,873	18,447	58,320	19,427	77,747

Revenue from other sources includes rental income and income from rendering of financial services.

(b) Revenue recognized in relation to contract liabilities

Contract liabilities primarily relate to the Group's unfulfilled performance obligations to transfer goods or services to customers for which consideration has been received at the reporting date. The contract liability is recognized in revenue in the period when performance obligations are fulfilled.

During the year, the Group recognized revenue of HK$1,951 million (2022: HK$7,166 million) from sales of properties that were included in contract liabilities at the beginning of the year.

(c) Expected revenue from remaining performance obligations in contracts with customers

As of 30 June 2023, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK$28,324 million (2022: HK$21,898 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 84% (2022: 52%) is expected to be recognized as revenue within one year. For all other contracts that have an original expected duration of one year or less or are billed directly according to performance completed to date, the Group has applied the practical expedient in paragraph 121 of HKFRS 15, Revenue from contracts with customers and does not disclose the amount of transaction price allocated to the remaining performance obligations.

(Expressed in millions of Hong Kong dollars)

5. Net Finance Costs

	Notes	2023	2022
Interest and other finance costs on bank and other borrowings		**4,521**	2,886
Notional non-cash interest accretion	(a)	**70**	58
Finance costs on lease liabilities		**44**	29
Less: Amount capitalized	(b)	**(1,582)**	(857)
		3,053	2,116
Interest income on bank deposits		**(554)**	(369)
		2,499	1,747

(a) Notional non-cash interest accretion represents adjustments to accrete the carrying amount of asset retirement obligations and contractual obligations of mobile licence recognized in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

(b) Interest expenses have been capitalized for properties under development at rates ranging from 3.32% to 3.97% (2022: 0.96% to 4.55%) per annum.

6. Profit before Taxation

	2023	2022
Profit before taxation is arrived at after charging:		
Cost of properties sold	**14,236**	16,049
Cost of other inventories sold	**3,364**	3,764
Depreciation of property, plant and equipment	**2,888**	2,926
Amortization of		
Intangible assets (included in cost of sales)	**736**	693
Contract acquisition costs	**1,141**	1,378
Credit loss allowance on financial assets and contract assets	**346**	180
Lease expenses		
Short-term and low-value assets leases	**224**	243
Variable lease payments	**43**	48
Staff costs (including directors' emoluments and retirement schemes contributions)	**10,193**	9,278
Share-based payments	**20**	28
Auditors' remuneration	**29**	25
Loss on disposal of financial investments at fair value through profit or loss	**61**	169
Fair value losses on financial investments at fair value through profit or loss	**85**	–
Loss on disposal of property, plant and equipment	**10**	15
and crediting:		
Dividend income from investments	**110**	139
Interest income from investments	**72**	88
Fair value gains on financial investments at fair value through profit or loss	**–**	34

7. Directors' Emoluments and Five Highest Paid Individuals

The aggregate amounts of emoluments paid and payable to the directors of the Company during the year are as follows:

Name of director	Note	Fees	Salaries, allowances and benefits	Discretionary bonuses	Retirement scheme contributions	(Note b) Share-based payments	2023 Total emoluments	2022 Total emoluments
Executive Directors								
Kwok Ping-luen, Raymond		**0.56**	**2.92**	**0.22**	**0.27**	**–**	**3.97**	3.85
Wong Chik-wing, Mike		**0.30**	**14.47**	**13.59**	**1.09**	**–**	**29.45**	29.05
Lui Ting, Victor		**0.30**	**12.17**	**16.19**	**1.09**	**–**	**29.75**	29.38
Kwok Kai-fai, Adam		**0.30**	**6.99**	**2.53**	**0.02**	**–**	**9.84**	9.69
Kwok Kai-wang, Christopher		**0.34**	**6.17**	**2.69**	**0.02**	**–**	**9.22**	9.00
Tung Chi-ho, Eric		**0.35**	**9.38**	**13.06**	**0.81**	**–**	**23.60**	23.10
Fung Yuk-lun, Allen		**0.51**	**7.99**	**14.40**	**0.40**	**2.68**	**25.98**	24.02
Lau Tak-yeung, Albert	(a)	**0.26**	**7.85**	**8.88**	**–**	**–**	**16.99**	–
Fung Sau-yim, Maureen	(a)	**0.26**	**7.02**	**12.42**	**0.64**	**–**	**20.34**	–
Chan Hong-ki, Robert	(a)	**0.30**	**6.44**	**9.57**	**0.50**	**–**	**16.81**	–
Non-Executive Directors								
Kwan Cheuk-yin, William		**0.42**	**–**	**–**	**–**	**–**	**0.42**	0.42
Kwok Kai-chun, Geoffrey		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Independent Non-Executive Directors								
Yip Dicky Peter		**0.64**	**–**	**–**	**–**	**–**	**0.64**	0.64
Wong Yue-chim, Richard		**0.72**	**–**	**–**	**–**	**–**	**0.72**	0.72
Li Ka-cheung, Eric		**0.97**	**–**	**–**	**–**	**–**	**0.97**	0.97
Fung Kwok-lun, William		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Leung Nai-pang, Norman		**0.70**	**–**	**–**	**–**	**–**	**0.70**	0.70
Leung Ko May-yee, Margaret		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Fan Hung-ling, Henry		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Wu Xiang-dong		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Total 2023		**8.43**	**81.40**	**93.55**	**4.84**	**2.68**	**190.90**	
Total 2022		7.61	58.12	62.47	3.58	1.26		133.04

The above analysis included four (2022: three) individuals whose emoluments were among the five highest pay in the Group.

(Expressed in millions of Hong Kong dollars)

7. Directors' Emoluments and Five Highest Paid Individuals (cont'd)

Details of the emoluments paid to the remaining one (2022: two) individual are:

	2023	2022
Salaries, allowances and benefits in kind	**8.35**	14.86
Discretionary bonuses	**13.84**	31.41
Retirement scheme contributions	**0.77**	1.35
	22.96	47.62

Number of employee whose emoluments fell within:

Emoluments Band HK$ Million	**2023 Number of employee**	2022 Number of employee
22.5 – 23.0	**1**	–
23.0 – 23.5	**–**	1
24.0 – 24.5	**–**	1
	1	2

(a) Mr. Lau Tak-yeung, Albert, Ms. Fung Sau-yim, Maureen and Mr. Chan Hong-ki, Robert were appointed as Executive Directors on 23 August 2022.

(b) Share-based payments represented the fair value of share options granted to the director under the share option scheme of a subsidiary, which are determined at the date of grant and expensed over the vesting period.

8. Staff Retirement Schemes

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% on the employees' salary.

As required by the municipal or provincial social insurance laws and regulations, the Group made contributions to the pension insurance managed by the local municipal governments in Mainland. The rates of contributions in general ranged from 13% to 16% of staff's monthly salary during the relevant period.

With effect from 1 December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to consolidated income statement as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK$410 million (2022: HK$396 million). Forfeited contributions for the year of HK$3 million (2022: HK$3 million) were used to reduce the existing level of contributions.

9. Taxation

	2023	2022
Current tax expenses		
Hong Kong profits tax	**2,718**	4,035
Under/(over) provision in prior years	**34**	(12)
	2,752	4,023
Tax outside Hong Kong	**1,214**	1,224
Over provision in prior years	**(28)**	(3)
	1,186	1,221
Total current tax	**3,938**	5,244
Deferred tax expenses		
Change in fair value of investment properties	**(432)**	(73)
Other origination and reversal of temporary differences	**441**	484
Total deferred tax	**9**	411
Total income tax expenses	**3,947**	5,655

(a) Hong Kong profits tax is provided at the rate of 16.5% (2022: 16.5%) based on the estimated assessable profits for the year. Tax outside Hong Kong, which includes Mainland land appreciation tax and withholding tax on income distributions, is calculated at the rates applicable in the relevant jurisdictions.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rate:

	2023	2022
Profit before share of results of associates, joint ventures and taxation	**24,453**	28,996
Tax at Hong Kong profits tax rate of 16.5% (2022: 16.5%)	**4,035**	4,784
Effect of different tax rates of subsidiaries operating outside Hong Kong	**117**	332
Net effect of non-deductible expenses and non-taxable income	**(525)**	332
Utilization of tax losses not previously recognized	**(129)**	(87)
Tax losses and other temporary differences not recognized	**429**	197
Under/(over) provision in prior years	**6**	(15)
Withholding tax on income distributions	**14**	111
Others	**–**	1
Tax expenses	**3,947**	5,655

(Expressed in millions of Hong Kong dollars)

10. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2023	2022
Interim dividend declared and paid of HK$1.25 (2022: HK$1.25) per share	**3,622**	3,622
Final dividend proposed after the end of the reporting period of HK$3.70 (2022: HK$3.70) per share	**10,722**	10,722
	14,344	14,344

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to profit for the previous financial year, approved and paid during the year

	2023	2022
Final dividend in respect of the previous financial year, approved and paid during the year of HK$3.70 (2021: HK$3.70) per share	**10,722**	10,722

11. Earnings Per Share

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK$23,907 million (2022: HK$25,560 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,897,780,274 (2022: 2,897,780,274) shares.

Diluted earnings per share were the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK$23,885 million (2022: HK$28,729 million), which excluded the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	2023	2022
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**23,907**	25,560
Decrease/(increase) in fair value of investment properties		
Subsidiaries	**593**	2,619
Associates	**(491)**	(58)
Joint ventures	**77**	389
	179	2,950
Effect of corresponding deferred tax expenses		
Subsidiaries	**(432)**	(73)
Joint ventures	**22**	27
Non-controlling interests	**10**	(2)
Unrealized fair value (gains)/losses of investment properties net of deferred tax	**(221)**	2,902
Fair value gains of investment properties net of deferred tax realized on disposal	**199**	267
Net effect of change in fair value of investment properties	**(22)**	3,169
Underlying profit attributable to the Company's shareholders	**23,885**	28,729

12. Investment Properties

(a) Movement during the year

	Completed	Under development	Total
Valuation			
At 1 July 2021	333,091	62,788	395,879
Additions	1,128	8,340	9,468
Transfer upon completion	1,378	(1,378)	–
Transfer from property, plant and equipment	49	–	49
Disposals	(370)	–	(370)
Transfer to property, plant and equipment	(106)	–	(106)
Transfer to property for sale	–	(390)	(390)
Exchange difference	(1,967)	(1,215)	(3,182)
(Decrease)/increase in fair value	(3,647)	1,028	(2,619)
At 30 June 2022 and 1 July 2022	329,556	69,173	398,729
Additions	**924**	**13,114**	**14,038**
Transfer upon completion	**13,343**	**(13,343)**	**–**
Transfer from property, plant and equipment	**942**	**–**	**942**
Disposals	**(207)**	**–**	**(207)**
Transfer to property, plant and equipment	**(161)**	**–**	**(161)**
Exchange difference	**(5,873)**	**(3,316)**	**(9,189)**
Decrease in fair value	**(537)**	**(56)**	**(593)**
At 30 June 2023	**337,987**	**65,572**	**403,559**

(b) Investment properties valuation

The Group's investment properties were valued at their fair values at 30 June 2023 and 30 June 2022 by Knight Frank Petty Limited, an independent firm of professional qualified valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

Fair values of the Group's investment properties are categorized as Level 3 measurement in the fair value hierarchy. During the year, there were no transfers among the fair value hierarchy.

The Group's completed investment properties are valued using the income capitalization method by capitalizing the net income from the existing tenancies and reversionary income potential at appropriate capitalization rates for individual properties. The capitalization rate adopted is derived by making reference to the yields achieved from analysis of comparable property investment transactions and valuer's view of prevailing investor expectations regarding rental growth and perceived risks.

(Expressed in millions of Hong Kong dollars)

12. Investment Properties (cont'd)

(b) Investment properties valuation (cont'd)

The Group's investment properties under development are valued using the residual method by estimating the value of the property when completed using income capitalization method with reference to comparable sales transactions assuming that the property had been completed in accordance with the current development plan on the valuation date less the costs that will be incurred to complete the development with appropriate allowance for profit and risk.

Set out below is the significant unobservable inputs used for fair value measurements:

	Fair value		Weighted average capitalization rate	
	2023	2022	**2023**	2022
Completed				
Hong Kong	**263,266**	257,947	**5.1%**	5.1%
Mainland	**74,721**	71,609	**6.6%**	6.6%
	337,987	329,556		

	Fair value (residual method)		Capitalization rate	
	2023	2022	**2023**	2022
Under development				
Hong Kong	**33,151**	27,308	**3.0% – 5.5%**	3.0% – 5.5%
Mainland	**32,421**	41,865	**5.0% – 8.8%**	5.0% – 8.8%
	65,572	69,173		

The fair values of the Group's investment properties are inversely related to capitalization rates, which are determined by reference to investors' expectations on investment yields, rental growth and the risk profile of the properties being valued. A lower (higher) capitalization rate would imply a higher (lower) property value.

(c) Profit on disposal of the Group's investment properties during the year amounted to HK$197 million (2022: HK$81 million).

(d) Gross rental income and direct operating expenses from investment properties during the year amounted to HK$18,455 million (2022: HK$19,179 million) and HK$4,504 million (2022: HK$4,316 million) respectively.

13. Property, Plant and Equipment

Movement during the year

	Ownership interests in leasehold land and buildings held for own use						
	Hotel properties	**Other completed properties**	**Properties under development**	**Subtotal**	**Other properties leased for own use**	**Plant and equipment**	**Total**
Cost							
At 1 July 2021	20,587	10,780	10,770	42,137	3,913	16,649	62,699
Additions	143	36	2,360	2,539	1,009	1,611	5,159
Transfer from completed investment properties	–	106	–	106	–	–	106
Transfer upon completion	–	334	–	334	–	(334)	–
Transfer from joint venture	–	26	–	26	–	8	34
Disposals	(1)	–	–	(1)	(251)	(310)	(562)
Transfer to completed investment properties	–	(13)	–	(13)	–	–	(13)
Cost adjustment	–	(174)	–	(174)	–	–	(174)
Exchange difference	(47)	(1)	(108)	(156)	–	(16)	(172)
At 30 June 2022 and 1 July 2022	20,682	11,094	13,022	44,798	4,671	17,608	67,077
Additions	**181**	**1**	**3,241**	**3,423**	**1,108**	**1,219**	**5,750**
Transfer from completed investment properties	**–**	**161**	**–**	**161**	**–**	**–**	**161**
Transfer upon completion	**846**	**1,253**	**(2,655)**	**(556)**	**–**	**556**	**–**
Disposals	**(1)**	**–**	**–**	**(1)**	**(239)**	**(358)**	**(598)**
Transfer to completed investment properties	**(513)**	**–**	**–**	**(513)**	**–**	**–**	**(513)**
Exchange difference	**(177)**	**(9)**	**(275)**	**(461)**	**–**	**(47)**	**(508)**
At 30 June 2023	**21,018**	**12,500**	**13,333**	**46,851**	**5,540**	**18,978**	**71,369**
Accumulated depreciation and impairment							
At 1 July 2021	5,328	2,576	–	7,904	2,076	9,798	19,778
Charge for the year	516	236	–	752	960	1,214	2,926
Disposals	(1)	–	–	(1)	(251)	(290)	(542)
Transfer to completed investment properties	–	(13)	–	(13)	–	–	(13)
Exchange difference	(15)	(1)	–	(16)	–	(11)	(27)
At 30 June 2022 and 1 July 2022	5,828	2,798	–	8,626	2,785	10,711	22,122
Charge for the year	**500**	**240**	**–**	**740**	**992**	**1,156**	**2,888**
Disposals	**(1)**	**–**	**–**	**(1)**	**(221)**	**(332)**	**(554)**
Transfer to completed investment properties	**(176)**	**–**	**–**	**(176)**	**–**	**–**	**(176)**
Exchange difference	**(43)**	**(5)**	**–**	**(48)**	**–**	**(31)**	**(79)**
At 30 June 2023	**6,108**	**3,033**	**–**	**9,141**	**3,556**	**11,504**	**24,201**
Net book value at 30 June 2023	**14,910**	**9,467**	**13,333**	**37,710**	**1,984**	**7,474**	**47,168**
Net book value at 30 June 2022	14,854	8,296	13,022	36,172	1,886	6,897	44,955

(Expressed in millions of Hong Kong dollars)

13. Property, Plant and Equipment (cont'd)

Included in the above line items are the following rights-of-use assets in relation to ownership interests in leasehold land and other properties leased by the Group for own use:

	Notes	During the year ended 30 June 2023 Additions	Depreciation	At 30 June 2023 Net book value
Right-of-use assets				
Ownership interests in leasehold land held for own use	(i)	**–**	**184**	**14,702**
Other properties leased for own use	(ii)	**1,108**	**992**	**1,984**
		1,108	**1,176**	**16,686**

(i) The Group holds ownership interests in leasehold land used primarily for its hotel operations, data centre and logistics business, and for use as corporate headquarter. Land premium or lump sum payments were made upfront to acquire these land interests, and there are no ongoing lease payments to be made under the terms of the land lease. The leasehold land interests are depreciated over the unexpired term of their respective leases.

(ii) The Group is the lessee in a number of lease or tenancy contracts in respect of certain other properties leased for use as retail stores and office premises, and for use in transport logistics business, car parking operations and installation of telecommunications equipment. The leases are capitalized as right-of-use assets with depreciation provided to write off the cost of the leased assets over the shorter of the expected lease terms and their estimated useful lives. Remaining term of these leases range from one to twenty one years. Certain of these leases include an option to renew the lease for an additional period after the end of the contract term.

14. Associates

	2023	2022
Unlisted shares, at cost less impairment loss	**7**	7
Hong Kong listed shares, at cost	**1,942**	1,844
Share of post-acquisition reserves	**5,766**	5,320
	7,715	7,171
Market value of Hong Kong listed associate	**2,031**	2,305

14. Associates (cont'd)

The Group's effective interest in the revenue, results, assets and liabilities of its associates are summarized below:

	2023	2022
Investment properties	**4,502**	3,552
Other non-current assets	**5,406**	5,578
Current assets	**2,233**	1,841
Current liabilities	**(1,767)**	(1,421)
Non-current liabilities	**(2,659)**	(2,379)
Net assets	**7,715**	7,171
Revenue	**3,433**	3,062
Fair value change of investment properties net of related deferred tax	**491**	58
Profit for the year	**738**	214

Particulars regarding principal associates are set out in the section headed "Principal Associates" of the Annual Report 2023.

15. Joint Ventures

	2023	2022
Unlisted shares, at cost less impairment loss	**29,705**	30,005
Share of post-acquisition reserves	**53,696**	55,383
	83,401	85,388
Amounts due from joint ventures	**10,238**	8,833
	93,639	94,221

Amounts due from joint ventures form part of the Group's net interests in joint ventures. The amounts are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders except for the amounts of HK$1,754 million (2022: HK$1,978 million) which are interest bearing at market rates.

The Group's effective interest in the revenue, results, assets and liabilities of its joint ventures are summarized below:

	2023	2022
Investment properties	**100,556**	100,588
Other non-current assets	**3,743**	4,101
Current assets	**24,401**	26,119
Current liabilities	**(18,261)**	(18,370)
Non-current liabilities	**(27,038)**	(27,050)
Net assets	**83,401**	85,388
Revenue	**8,753**	7,531
Fair value change of investment properties net of related deferred tax	**(99)**	(416)
Profit for the year	**3,331**	2,576

Particulars regarding principal joint ventures are set out in the section headed "Principal Joint Ventures" of the Annual Report 2023.

(Expressed in millions of Hong Kong dollars)

16. Financial Investments

	2023			
	Measured at FVTPL	**Measured at FVOCI**	**Measured at amortized cost**	**Total**
Non-current assets				
Debt securities	**12**	**90**	**475**	**577**
Equity securities	**474**	**940**	**–**	**1,414**
	486	**1,030**	**475**	**1,991**
Current assets				
Debt securities	**–**	**4**	**–**	**4**
Equity securities	**606**	**–**	**–**	**606**
	606	**4**	**–**	**610**

	2022			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	13	32	765	810
Equity securities	551	1,669	–	2,220
	564	1,701	765	3,030
Current assets				
Debt securities	–	–	53	53
Equity securities	645	–	–	645
	645	–	53	698

17. Intangible Assets

	Concession assets	Mobile licences	Goodwill	Total
Cost				
At 1 July 2021	6,936	5,747	151	12,834
Additions	–	2,217	18	2,235
At 30 June 2022 and 30 June 2023	**6,936**	**7,964**	**169**	**15,069**
Accumulated amortization and impairment				
At 1 July 2021	5,912	2,628	21	8,561
Amortization	262	431	–	693
At 30 June 2022 and 1 July 2022	6,174	3,059	21	9,254
Amortization	**262**	**474**	**–**	**736**
At 30 June 2023	**6,436**	**3,533**	**21**	**9,990**
Net book value at 30 June 2023	**500**	**4,431**	**148**	**5,079**
Net book value at 30 June 2022	762	4,905	148	5,815

Concession assets represent cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructure, which have finite useful lives of 27 years, and are amortized on a straight line basis.

Mobile licences represent the upfront payments and the present value of the annual fixed fees payable over the licence period, which have finite useful lives ranging from 12 to 15 years, and are amortized on a straight line basis. The corresponding non-current and current portion of these contractual liabilities are recorded in other non-current liabilities and other payables respectively.

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries. At the year end date, an impairment test was performed by comparing the carrying amount of the business with the recoverable amount.

(Expressed in millions of Hong Kong dollars)

18. Other Non-Current Assets

	Note	2023	2022
Mortgage loan receivables		**3,089**	4,245
Other loan receivables		**1,057**	989
Total loans receivables		**4,146**	5,234
Less: Amount due within one year included under trade and other receivables		**(216)**	(1,726)
		3,930	3,508
Derivative financial instruments	19	**127**	488
		4,057	3,996

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with various tenors up to 30 years (2022: 25 years) at the year end date and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK$1,920 million (2022: HK$2,879 million). The Group recognizes expected credit loss for all loans receivables based on its assessment of changes in credit risk on a collective basis, with reference to both historical loss experience and forward-looking information. Changes in the loss allowance are recognized in profit or loss.

19. Derivative Financial Instruments

		2023		2022	
	Notes	**Assets**	**Liabilities**	Assets	Liabilities
Fair value hedges					
– interest rate swaps		**–**	**14**	–	4
– cross currency interest rate swaps		**–**	**15**	–	–
		–	**29**	–	4
Cash flow hedges					
– cross currency interest rate swaps		**118**	**98**	507	–
Not designated as accounting hedges					
– forward foreign exchange contracts		**9**	**–**	17	–
		127	**127**	524	4
Representing:					
Current portion	21 & 24	**–**	**66**	36	–
Non-current portion	18 & 28	**127**	**61**	488	4
		127	**127**	524	4

The total outstanding derivative financial instruments as at the year end date are analyzed as follows:

		Notional principal amount	
	Maturing date	**2023**	2022
Designated as accounting hedges			
– interest rate swaps and cross currency interest rate swaps	Jul 2023 – May 2030 (2022: Jan 2023 – May 2030)	**17,872**	18,407
Not designated as accounting hedges			
– forward foreign exchange contracts	Sep 2025 (2022: Apr 2023 – Sep 2025)	**87**	150
		17,959	18,557

20. Properties for Sale

	2023	2022
Stock of completed properties for sale	**62,448**	53,364
Properties under development for sale	**149,191**	153,772
	211,639	207,136

21. Trade and Other Receivables

	Notes	2023	2022
Trade receivables	(a)	**3,818**	8,744
Other account receivables, deposits and prepayments	(b)	**9,458**	9,255
Deposits for acquisition of properties		**750**	843
Contract assets	(c)	**515**	411
Short-term loans	18	**216**	1,726
Derivative financial instruments	19	**–**	36
		14,757	21,015

(a) At 30 June 2023, 65% (2022: 83%) of trade receivables are aged less than 30 days, 14% (2022: 8%) between 31 to 60 days, 6% (2022: 4%) between 61 to 90 days and 15% (2022: 5%) more than 90 days.

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. When the Group is satisfied that recovery of the amount is remote, the impairment loss is written off against trade receivables directly. Impairment allowance in respect of trade receivable as at 30 June 2023 amounted to HK$137 million (2022: HK$127 million).

(b) The balance includes contract acquisition costs of HK$277 million (2022: HK$330 million) primarily related to incremental commission costs incurred to obtain property sales and telecommunication services contracts with customers. There was no impairment loss in relation to the cost capitalized.

(c) The contract assets primarily relate to the Group's right to consideration for unbilled revenue in relation to services rendered for use of data centre and IT facilities, telecommunication and construction services at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

22. Bank Deposits and Cash

Deposits with banks are interest bearing at prevailing market rates. At the year end date, about 46% (2022: 34%) of the Group's bank deposits and cash are denominated in Hong Kong dollar, 47% (2022: 62%) in Renminbi and 7% (2022: 4%) in US dollar.

23. Bank and Other Borrowings

	Note	2023	2022
Long-term bank and other borrowings due within one year	26	**7,508**	15,857

The carrying amounts of the bank and other borrowings approximate their fair values.

(Expressed in millions of Hong Kong dollars)

24. Trade and Other Payables

	Notes	2023	2022
Trade payables	(a)	**3,259**	3,237
Other payables and accrued expenses		**25,394**	24,215
Contract liabilities	(b)	**957**	658
Amounts due to non-controlling interests	(c)	**1,234**	1,279
Lease liabilities	28	**1,378**	815
Derivative financial instruments	19	**66**	–
		32,288	30,204

(a) At 30 June 2023, 66% (2022: 65%) of trade payables are aged less than 30 days, 7% (2022: 7%) between 31 to 60 days, 4% (2022: 5%) between 61 to 90 days and 23% (2022: 23%) more than 90 days.

(b) The contract liabilities relate primarily to advance payments received from customers in respect of use of data centre and IT facilities, telecommunication and construction services.

(c) The amounts due to non-controlling interests are interest free, unsecured and have no fixed terms of repayment.

25. Deposits Received on Sales of Properties

The Group receives payments from customers based on payment schedules established in contracts. The Group receives certain percentage of the agreed transaction price as a deposit when the Group signs a contract with the customers. Typically, the remaining balance is paid upon closing of the contracts when the properties are assigned to the customers. In many cases, the Group receives some further deposits from customers prior to the closing of the contracts. In some arrangements relating to sales of uncompleted properties, the customers agree to pay the balance of consideration early during the property construction period, rather than on assignment. All such deposits received are recognized as contract liabilities until the Group satisfies its performance obligations by transferring the control of the properties to the customers, at which time the contract liabilities are recognized as revenue.

Changes in contract liabilities in respect of deposits received on sales of properties during the year:

	2023	2022
At 1 July	**3,039**	8,644
Exchange difference	**(60)**	(26)
Decrease as a result of disposal of subsidiaries	**–**	(9)
Decrease as a result of recognizing revenue during the year	**(1,951)**	(7,166)
Increase as a result of receiving sales deposits during the year	**3,134**	1,596
At 30 June	**4,162**	3,039

26. Bank and Other Borrowings

The Group's long-term bank and other loans are repayable as follows:

	Note	2023	2022
Bank loans repayable			
Within one year		**4,943**	9,193
After one year but within two years		**29,649**	23,937
After two years but within five years		**44,459**	42,534
After five years		**7,185**	7,156
		86,236	82,820
Bonds and notes repayable			
Within one year		**2,565**	6,664
After one year but within two years		**2,350**	2,568
After two years but within five years		**13,136**	6,892
After five years		**20,766**	25,987
		38,817	42,111
		125,053	124,931
Less: Amount due within one year included under current liabilities	23	**(7,508)**	(15,857)
		117,545	109,074

The fair values of the long-term borrowings as estimated by discounting their future cash flows at the prevailing market borrowing rates at the year end date for similar borrowings are as follows:

	Carrying amount		Fair value	
	2023	2022	**2023**	2022
Bank loans	**81,293**	73,627	**81,293**	73,627
Bonds and notes	**36,252**	35,447	**32,787**	33,039
	117,545	109,074	**114,080**	106,666

(a) The carrying amounts of the Group's total borrowings are analyzed as follows:

	2023	2022
Secured	**2,218**	316
Unsecured	**122,835**	124,615
	125,053	124,931

Secured borrowings related to certain subsidiaries' borrowings which are secured against certain of their property assets and business undertakings.

(b) The above bank loans are repayable on various dates and carry interest, after hedging where appropriate, at effective rate per annum of 5.17% (2022: 1.96%) at the year end date.

(c) The bonds and notes are repayable on various dates up to June 2033 (2022: July 2032) and carry interest, after hedging where appropriate, at effective rate per annum of 2.74% (2022: 2.75%) at the year end date.

(Expressed in millions of Hong Kong dollars)

26. Bank and Other Borrowings (cont'd)

(d) The carrying amounts of the Group's total borrowings are denominated in the following currencies (after cross currency interest rate swaps):

	2023	2022
Hong Kong dollar	**105,861**	98,875
US dollar	**–**	3,770
Renminbi	**17,565**	20,721
British pound	**1,627**	1,565
	125,053	124,931

27. Deferred Tax Liabilities

Deferred income tax assets and liabilities are offset when taxes relate to the same tax authority and where offsetting is legally enforceable. The Group has not recognized deferred tax assets arising from tax losses and deductible temporary differences as it is uncertain that the related tax benefits can be realized through future taxable profit. The components of the carrying amount of deferred tax liabilities and the movements during the year are as follows:

	Accelerated tax depreciation	**Revaluation of properties**	**Tax losses**	**Others**	**Total**
At 1 July 2021	7,967	18,032	(402)	97	25,694
Charged/(credited) to consolidated income statement	556	(73)	(89)	17	411
Exchange difference	(76)	(494)	1	(3)	(572)
At 30 June 2022 and 1 July 2022	8,447	17,465	(490)	111	25,533
Charged/(credited) to consolidated income statement	**622**	**(432)**	**(180)**	**(1)**	**9**
Credited to reserve	**–**	**–**	**–**	**(1)**	**(1)**
Exchange difference	**(236)**	**(1,392)**	**6**	**(9)**	**(1,631)**
At 30 June 2023	**8,833**	**15,641**	**(664)**	**100**	**23,910**

At the year end date, the Group has unrecognized tax losses and deductible temporary differences of HK$7,595 million (2022: HK$6,131 million), of which HK$1,232 million (2022: HK$428 million) of tax losses will expire at various dates up to 2027 (2022: 2026). Recognition of these unrecognized tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

28. Other Non-Current Liabilities

	Notes	2023	2022
Asset retirement and other obligations		**64**	76
Contractual obligations for mobile licences		**2,578**	2,734
Lease liabilities	(a)	**1,623**	1,026
Derivative financial instruments	19	**61**	4
		4,326	3,840

(a) At the year end date, the Group's lease liabilities are repayable as follows:

	2023	2022
Within one year	**1,378**	815
After one year but within two years	**402**	379
After two years but within five years	**403**	166
After five years	**818**	481
	3,001	1,841
Less: Amount due within one year included under trade and other payables	**(1,378)**	(815)
	1,623	1,026

29. Share Capital

	Number of shares in million	Amount
Issued and fully paid:		
Ordinary shares		
At 30 June 2022 and 30 June 2023	**2,898**	**70,703**

30. Share Option Scheme

The Company has a share option scheme which was adopted on 15 November 2012 ("the Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Details of the Scheme adopted by the Company are set out in the Directors' Report of the Annual Report 2023.

The Scheme

During the current and prior year, no share options were granted under the Scheme.

There were no outstanding share options granted under the Scheme for both years.

(Expressed in millions of Hong Kong dollars)

31. Statement of Financial Position of the Company

	Notes	2023	2022
Non-current assets			
Subsidiaries	(a)	**31,431**	31,431
Current assets			
Amounts due from subsidiaries		**194,959**	189,467
Bank deposits and cash		**59**	54
		195,018	189,521
Current liabilities			
Trade and other payables		**(66)**	(60)
Net current assets		**194,952**	189,461
NET ASSETS		**226,383**	220,892
CAPITAL AND RESERVES			
Share capital	29	**70,703**	70,703
Reserves	(b)	**155,680**	150,189
SHAREHOLDERS' EQUITY		**226,383**	220,892

Directors:
Kwok Ping-luen, Raymond
Lui Ting, Victor

(a) Particulars regarding principal subsidiaries are set out in the section headed "Principal Subsidiaries" of the Annual Report 2023.

(b) The movement of Company reserves during the year are as follows:

	Capital reserve	Retained profits	Total
At 1 July 2021	5,297	141,217	146,514
Profit for the year	–	18,019	18,019
Final dividend paid for the year ended 30 June 2021	–	(10,722)	(10,722)
Interim dividend paid for the year	–	(3,622)	(3,622)
At 30 June 2022 and 1 July 2022	5,297	144,892	150,189
Profit for the year	**–**	**19,835**	**19,835**
Final dividend paid for the year ended 30 June 2022	**–**	**(10,722)**	**(10,722)**
Interim dividend paid for the year	**–**	**(3,622)**	**(3,622)**
At 30 June 2023	**5,297**	**150,383**	**155,680**

Reserves of the Company available for distribution to equity shareholders of the Company as at 30 June 2023 amounted to HK$150,383 million (2022: HK$144,892 million).

32. Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2023	2022
Operating profit	**27,545**	33,362
Depreciation and amortization	**4,765**	4,997
Profit on disposal of subsidiaries	**–**	(442)
Profit on disposal of investment properties	**(197)**	(81)
Loss on disposal of property, plant and equipment	**10**	15
Dividend income from investments	**(110)**	(139)
Loss on disposal of long-term financial investments	**–**	6
Interest income from investments	**(72)**	(88)
Fair value losses/(gains) on long-term financial investments at FVTPL	**89**	(83)
Share-based payments	**20**	28
Other non-cash items	**332**	179
Exchange difference	**221**	30
Operating cash inflow	**32,603**	37,784
Decrease in stock of completed properties for sale	**15,036**	15,190
Increase in properties under development for sale	**(20,188)**	(24,817)
Decrease in loans receivables	**1,088**	1,618
Increase in inventories	**(19)**	(81)
Decrease/(increase) in trade and other receivables	**3,544**	(3,570)
Decrease in short-term financial investments at FVTPL	**40**	200
Increase in trade and other payables	**941**	1,714
Increase/(decrease) in deposits received on sales of properties	**1,123**	(5,596)
Changes in working capital	**1,565**	(15,342)
Cash generated from operations	**34,168**	22,442

(b) Analysis of the balance of cash and cash equivalents at end of year

	2023	2022
Bank deposits and cash	**15,280**	20,323
Less: Bank deposits maturing after more than three months	**(957)**	(1,991)
Less: Pledged bank deposits	**(46)**	(45)
	14,277	18,287

(Expressed in millions of Hong Kong dollars)

32. Notes to Consolidated Statement of Cash Flows (cont'd)

(c) Reconciliation of the carrying amounts of liabilities relating to financing activities

	Bank and other borrowings	Amounts due to non-controlling interests	Lease liabilities	Total
At 1 July 2021	116,823	1,203	1,785	119,811
Changes from financing cash flows	8,767	32	(938)	7,861
Adjustment due to fair value change of financial instruments	(36)	–	–	(36)
Net exchange difference	(623)	–	–	(623)
New leases arranged during the year	–	–	994	994
Other non-cash movements	–	44	–	44
At 30 June 2022 and 1 July 2022	124,931	1,279	1,841	128,051
Changes from financing cash flows	**1,254**	**(45)**	**(944)**	**265**
Adjustment due to fair value change of financial instruments	**(26)**	**–**	**–**	**(26)**
Net exchange difference	**(1,106)**	**–**	**–**	**(1,106)**
New leases arranged during the year	**–**	**–**	**2,122**	**2,122**
Lease termination during the year	**–**	**–**	**(18)**	**(18)**
At 30 June 2023	**125,053**	**1,234**	**3,001**	**129,288**

(d) Net cash outflow in respect of acquisition of subsidiaries

	2022
The recognized amounts of assets and liabilities at the date of acquisition of the subsidiaries comprise the following:	
Property, plant and equipment	34
Inventories	35
Trade and other receivables	62
Bank deposit and cash	55
Trade and other payables	(101)
Current tax payable	(5)
	80
Goodwill on acquisition	18
Total consideration paid in cash	98
Less: cash of subsidiaries acquired	(55)
Net cash outflow in respect of acquisition of subsidiaries	43

32. Notes to Consolidated Statement of Cash Flows (cont'd)

(e) Net cash inflow in respect of disposal of subsidiaries

	2022
Analysis of assets and liabilities of subsidiaries disposed:	
Properties for sale	3,785
Trade and other receivables	134
Bank deposit and cash	9
Trade and other payables	(23)
Deposits received on sales of properties	(9)
Current tax payable	(1)
Non-controlling interests	(1,068)
Net assets disposed	2,827
Release of exchange reserve upon disposal of subsidiaries	(229)
Profit on disposal of subsidiaries	442
Total consideration	3,040
Net cash inflow in respect of disposal of subsidiaries:	
Total consideration	3,040
Bank deposits and cash disposed of	(9)
	3,031

(Expressed in millions of Hong Kong dollars)

33. Joint Operations

At the year end date, the aggregate amounts of assets and liabilities recognized in the consolidated financial statements relating to the Group's interests in joint operations are as follows:

	2023	2022
Investment properties	**21,732**	20,642
Stocks of completed properties for sale	**1,726**	166
Properties under development for sale	**4,510**	6,442
	27,968	27,250
Trade and other payables	**1,187**	390
Current tax payable	**102**	77
Deferred tax liabilities	**217**	206
	1,506	673
Revenue	**1,889**	852
Expenses	**1,087**	249

34. Related Party Transactions

(a) Transactions with associates and joint ventures

In the normal course of business, the Group undertook a variety of transactions with certain of its associates and joint ventures. The most significant transactions between the Group and these related parties which were carried out on commercial terms are summarized as follows:

	Associates		**Joint ventures**	
	2023	2022	**2023**	2022
Acquisition of businesses[i]	**–**	–	**–**	98
Interest income	**–**	–	**92**	102
Rental income	**–**	–	**–**	1
Cash rental paid	**–**	–	**43**	45
Other revenue from services rendered	**816**	910	**947**	284
Purchase of goods and services	**–**	–	**644**	735

(i) In September 2021, the Group completed the transaction to acquire the entire interests in the companies carrying on the ready mixed concrete and precast concrete businesses from Glorious Concrete (BVI) Ltd, a joint venture in which the Group has a 50% interest, for a consideration of HK$98 million.

(b) Emoluments to key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, are disclosed in Note 7.

35. Contingent Liabilities and Commitments

At the year end date, the Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	2023	2022
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	**4,640**	7,135
Authorized but not contracted for	**6,026**	5,006
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	**2,661**	2,753
Authorized but not contracted for	**4,344**	4,585

(c) Guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK$2,072 million (2022: HK$2,394 million).

36. Operating Lease

The Group leases out properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are re-negotiated.

At the year end date, the aggregate minimum lease payments receivable by the Group in the future periods under non-cancellable operating leases are as follows:

	2023	2022
Within one year	**14,297**	14,597
After one year but within two years	**8,342**	8,821
After two years but within three years	**4,352**	4,326
After three years but within four years	**2,116**	2,205
After four years but within five years	**1,223**	1,357
After five years	**723**	1,435
	31,053	32,741

37. Charges of Assets

At the year end date, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$46 million (2022: HK$45 million) have been pledged for securing guarantees issued by the banks.

At the year end date, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$2,898 million (2022: HK$1,142 million (including bank deposits and cash of HK$284 million)) have been charged to secure their bank borrowings.

38. Critical Accounting Judgements and Estimations

In the application of the Group's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions used in preparing the consolidated financial statements are continually evaluated based on historical experience and other factors that are considered relevant, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Fair value of investment properties

At each reporting date, the Group's investment properties (including investment properties under development) are measured at fair values based on valuations by independent qualified valuers on the highest and best use basis. Income capitalization method is used in the valuations which is dependent on certain estimates, including fair market rents, appropriate capitalization rates, reversionary income potential and redevelopment potential where appropriate. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin. The management has reviewed the valuation and is satisfied that the valuation of the Group's investment properties is reasonable.

(b) Impairment of assets

Assets including goodwill and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. Estimating the value in use of an asset involves estimating the future cash flows expected to arise from its continuing use and from its disposal at the end of its useful life and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

(c) Net realizable value of properties for sale

Net realizable value of properties for sale (comprising completed properties for sale and properties under development for sale) is determined based on the Group's assessment of the price ultimately expected to be realized in the ordinary course of business by reference to prevailing market conditions less all estimated selling expenses and anticipated costs to completion.

(d) Income taxes

There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain and judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(e) Recognition of deferred tax assets

The amount of the deferred tax assets included in the consolidated financial statements of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilized. The recognition of deferred tax assets requires the Group to make judgements, based on assessment regarding future financial performance, about the amount of future taxable profits and the timing of when these will be realized.

39. Financial Risk Management

The Group's major financial instruments include investments, amounts due from associates and joint ventures, loan receivables, trade receivables, bank deposits and cash, trade payables, bank and other borrowings and other non-current liabilities. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments are managed by the Group's financial management policies and practices described below:

(a) Foreign currency risk

Foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operational cash flows and borrowings are mainly denominated in Hong Kong dollar. The Group aims to minimize its currency risk using forward contracts where feasible and cost effective. The Group's primary foreign currency exposures arise mainly from the property development and investment activities in Mainland and Singapore, whose net assets are exposed to foreign currency translation risk. Where appropriate, the Group seeks to finance these investments through borrowings denominated in the relevant foreign currencies. Exchange differences arising from the translation of the net investment in these Mainland and Singapore subsidiaries, associates and joint ventures have been dealt with in consolidated statement of comprehensive income.

The Group is also exposed to foreign currency risk in respect of its foreign currency borrowings, bank deposits and cash, mainly denominated in US dollar. Where appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with its borrowings. Foreign currency exposure of the Group's other monetary assets/liabilities is minimal.

At 30 June 2023, it is estimated that a 10% (2022: 10%) appreciation/depreciation in Hong Kong dollar against all other currencies, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$354 million (2022: HK$116 million). The other comprehensive income would be decreased/increased by HK$31 million (2022: HK$83 million).

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly, at times of interest rate uncertainty, through the use of interest rate swaps.

The Group's interest rate risks arise principally from borrowings. Borrowings raised at floating rates expose the Group to cash flow interest rate risk. Interest rate risk is managed by the Group's senior management through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to the Group's businesses and investments.

The Group's borrowings are principally arranged on a floating rate basis. When appropriate, interest rate swaps are used to hedge and manage its long-term interest rate exposure. Speculative derivative transactions are strictly prohibited.

39. Financial Risk Management (cont'd)

(b) *Interest rate risk (cont'd)*

As at 30 June 2023, it is estimated that an increase/a decrease of 100 basis points (2022: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$692 million (2022: HK$562 million).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the year end date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for financial year 2022.

(c) *Price risk*

The Group is exposed to price risk through the Group's financial investments that are measured at fair value at each year end date with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at 30 June 2023, it is estimated that an increase/a decrease of 10% (2022: 10%) in quoted prices, with all other variables held constant, would increase/decrease the profit before taxation for the year and the other comprehensive income by approximately HK$60 million and HK$71 million (2022: HK$65 million and HK$136 million), respectively.

(d) *Credit risk*

The Group's credit risk is primarily attributable to trade receivables, loan receivables, derivative financial instruments and deposits with banks and financial institutions.

The Group's trade receivables mainly arise from sale of properties developed by the Group and rent receivables from tenants. Occasionally, long term loans are provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each year end date to ensure that adequate impairment loss is made for irrecoverable amounts.

Counterparty exposure from derivatives is managed, together with that from deposits and bank account balances, with credit limit that reflect published credit ratings and monitored on a regular basis to ensure there is no significant risk to any individual counterparty.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated financial statements after deducting any impairment loss. Except for the financial guarantees as set out in Note 35, the Group does not provide any other guarantee which would expose the Group to material credit risk.

39. Financial Risk Management (cont'd)

(e) Liquidity risk

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. The Group takes liquidity risk into consideration when deciding its sources of finances and their respective tenors. The Group aims to diversify its funding sources and minimize its refinancing risk by preventing substantial refinancing in any one period. The Group also maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Notes	**Carrying amount**	**Total contractual undiscounted cash flow**	**Up to 1 year**	**Over 1 year to 2 years**	**Over 2 years to 5 years**	**Over 5 years**
As at 30 June 2023							
Trade payables	24	**3,259**	**3,259**	**3,075**	**176**	**8**	**–**
Other payables and accrued expenses	24	**25,394**	**25,396**	**21,725**	**1,942**	**1,591**	**138**
Amounts due to non-controlling interests	24	**1,234**	**1,234**	**1,234**	**–**	**–**	**–**
Lease liabilities	24 & 28	**3,001**	**3,286**	**1,425**	**430**	**475**	**956**
Bank and other borrowings	23 & 26	**125,053**	**142,386**	**12,881**	**35,850**	**62,011**	**31,644**
Other non-current liabilities	28	**2,642**	**3,038**	**–**	**230**	**726**	**2,082**
Derivative financial instruments	19	**127**	**130**	**81**	**3**	**(3)**	**49**
		160,710	**178,729**	**40,421**	**38,631**	**64,808**	**34,869**

	Notes	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years
As at 30 June 2022							
Trade payables	24	3,237	3,237	2,980	247	10	–
Other payables and accrued expenses	24	24,215	24,217	20,394	1,897	1,753	173
Amounts due to non-controlling interests	24	1,279	1,279	1,279	–	–	–
Lease liabilities	24 & 28	1,841	2,002	839	398	200	565
Bank and other borrowings	23 & 26	124,931	136,377	18,543	28,594	53,632	35,608
Other non-current liabilities	28	2,810	3,263	–	225	708	2,330
Derivative financial instruments	19	4	4	8	(4)	–	–
		158,317	170,379	44,043	31,357	56,303	38,676

(Expressed in millions of Hong Kong dollars)

40. Fair Value of Financial Instruments

(a) Financial instruments carried at fair value

The following tables present the carrying value of the Group's financial instruments that are measured at fair value at the end of the reporting period, categorized into the three-level fair value hierarchy defined as follows:

Level 1 Fair values measured at unadjusted quoted prices in active markets for identifiable assets or liabilities at the measurement date. This level includes all listed debt securities and listed equity securities, and certain unlisted debt securities that are measured at quoted prices in active markets.

Level 2 Fair values measured using inputs other than quoted prices where those inputs are based on observable market data and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 Fair values measured using significant unobservable inputs. This level includes all unlisted equity securities, except for certain unlisted equity securities which are classified as Level 2 as they are measured using inputs that are derived from or corroborated by observable market data.

As at 30 June 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	**12**	**–**	**–**	**12**
Equity securities	**606**	**–**	**474**	**1,080**
Financial assets at FVOCI				
Debt securities	**94**	**–**	**–**	**94**
Equity securities	**618**	**7**	**315**	**940**
Derivative financial instruments				
Cross currency interest rate swaps	**–**	**118**	**–**	**118**
Forward foreign exchange contracts	**–**	**9**	**–**	**9**
	1,330	**134**	**789**	**2,253**
Financial liabilities				
Bond and notes subject to fair value hedges	**–**	**1,620**	**–**	**1,620**
Derivative financial instruments				
Cross currency interest rate swaps	**–**	**113**	**–**	**113**
Interest rate swaps	**–**	**14**	**–**	**14**
	–	**1,747**	**–**	**1,747**

40. Fair Value of Financial Instruments (cont'd)

(a) *Financial instruments carried at fair value (cont'd)*

As at 30 June 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	13	–	–	13
Equity securities	645	–	551	1,196
Financial assets at FVOCI				
Debt securities	32	–	–	32
Equity securities	1,323	16	330	1,669
Derivative financial instruments				
Cross currency interest rate swaps	–	507	–	507
Forward foreign exchange contracts	–	17	–	17
	2,013	540	881	3,434
Financial liabilities				
Bond and notes subject to fair value hedges	–	596	–	596
Derivative financial instruments				
Interest rate swaps	–	4	–	4
	–	600	–	600

There were no transfer amongst Level 1, Level 2 and Level 3 in the fair value hierarchy and no change in valuation techniques used during the year.

(i) Valuation techniques and inputs used in Level 2 fair value measurement

The fair values of cross currency interest rate swap contracts and interest rate swap contracts in Level 2 are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period quoted from financial institutions.

The fair value of bonds and notes subject to fair value hedges is determined based on cash flows discounted using current market interest rates for similar financial instruments.

(Expressed in millions of Hong Kong dollars)

40. Fair Value of Financial Instruments (cont'd)

(a) *Financial instruments carried at fair value (cont'd)*

(ii) Valuation techniques and inputs used in Level 3 fair value measurement

The fair value of unlisted equity securities in Level 3 is determined by reference to the net asset value of the investees, or by using discounted cash flow models or market approach with reference to multiples of comparable listed companies, adjusted for a discount for lack of marketability.

The movement during the year in the balance of Level 3 fair value measurement is as follows:

	Financial assets measured at		
	FVTPL	**FVOCI**	**Total**
Unlisted equity securities			
At 1 July 2021	421	306	727
Purchases	62	42	104
Sales	(14)	–	(14)
Change in fair value recognized in			
– profit or loss	82	–	82
– other comprehensive income	–	(18)	(18)
At 30 June 2022 and 1 July 2022	551	330	881
Purchases	**21**	**–**	**21**
Sales	**(10)**	**–**	**(10)**
Change in fair value recognized in			
– profit or loss	**(88)**	**–**	**(88)**
– other comprehensive income	**–**	**(15)**	**(15)**
At 30 June 2023	**474**	**315**	**789**

(b) *Fair values of financial assets and liabilities carried at cost or amortized cost*

The following table presents the carrying amounts of the Group's financial instruments measured at cost or amortized cost which were different from their fair values at the end of the reporting period.

	2023		2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Debt securities	**475**	**478**	818	657
Long-term borrowings	**116,520**	**113,055**	108,478	106,070

The fair value of debt securities is measured at quoted market prices. The fair value of long-term borrowings is estimated by discounting their future cash flows using the market interest rates prevailing at the end of the reporting period.

All other financial instruments that are measured at cost or amortized cost in the Group's financial statements are typically those that are short-term in nature or carry variable interest rates and reprice to current market rate changes. Accordingly, their carrying amounts approximate their fair values.

41. Capital Management

The Group's objective for managing capital is to maintain a strong capital base to support the development of its business and to continue to provide returns for shareholders while maintaining a prudent level of financial leverage.

The Group actively reviews and monitors its capital structure on a regular basis to maintain a healthy net debt-to-shareholders' equity ratio. For this purpose the Group defines net debt as total borrowings less bank deposits and cash. Shareholders' equity comprises share capital and reserves attributable to the Company's shareholders as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debt financing or sell assets to reduce debt.

The net debt-to-shareholders' equity ratios at the year end were as follows:

	2023	2022
Bank loans	**86,236**	82,820
Bonds and notes	**38,817**	42,111
Total borrowings	**125,053**	124,931
Less: Bank deposits and cash	**(15,280)**	(20,323)
Net debt	**109,773**	104,608
Shareholders' equity	**602,055**	601,946
Net debt-to-shareholders' equity ratio	**18.2%**	17.4%

42. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

43. Approval of the Consolidated Financial Statements

The consolidated financial statements set out on pages 175 to 244 were approved by the board of directors on 7 September 2023.

Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 30 June 2023 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal subsidiaries were incorporated and are operating in Hong Kong, unlisted and are indirectly held by the Company.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
SUNeVision Holdings Ltd. (Listed in Hong Kong)	2	73.54	Provision of data centre, facilities management and value-added services, installation and maintenance services	233,905,733
SmarTone Telecommunications Holdings Limited (Listed in Hong Kong)	3	72.88	Mobile telephone system operation	110,646,460
Sun Hung Kai Real Estate Agency Limited	6	100	Asset and project management services	1,000,000
New Town (N.T.) Properties Limited	7	100	Investment holding	2,472,515,162
Fidelity Finance Company, Limited	6	100	Finance	200
Honour Finance Company, Limited	6	100	Loan financing	500,000
Sun Hung Kai Properties (Financial Services) Limited	6	100	Finance	100,000
Sun Hung Kai Properties Insurance Limited	6	100	General insurance	75,000,000
Sun Hung Kai Architects and Engineers Limited	6	100	Architectural and engineering	350,000
Sanfield Building Contractors Limited		100	Building construction	90,000,000
Sanfield (Management) Limited		100	Building construction and project management	2
Everlight Engineering Company, Limited		100	Fire prevention and mechanical engineering	5,500,000
Aegis Engineering Company, Limited		100	Plant and machine hire	100,000
Hong Yip Service Company Limited		100	Property and facility management	100,000
Kai Shing Management Services Limited	6	100	Property and facility management	10,000
Mantegna Investment Company Limited	1	100	Property investment	2
		100		(Note 9) 9,999,998
Royaltelle International Limited		100	Hotel operation	2
Access Orient Investments Limited	1	100	Property investment	US$1
Ace Peace Limited		100	Property investment	1
Additech Ltd.	1	100	Property investment	US$1
Advance Vision Enterprises Limited		100	Property investment	2
Airport Freight Forwarding Centre Company Limited		100	Freight forwarding centre	100
Annadale Development Limited		100	Property trading and investment	2
Antanpark Limited	1	100	Property investment	US$1
Antinio Investments Limited	1	100	Property investment	US$1
Artsland Properties Investment Limited	1	100	Property investment	US$1
Assured Outcome Limited	1	100	Property investment	US$1
Barnard Enterprises Limited	1	75	Property investment	US$100
Beauty Marble Investment Limited		100	Property investment	2
Beijing New Town Plaza Real Estate Co., Ltd.	5c	100	Property investment	US$9,000,000*
Beijing Sun Dong An Co., Ltd.	5a	100	Property investment	US$129,000,000*
Best Numbers Limited	1	100	Property investment	US$1
Best Winners Limited	1	100	Property investment and hotel operation	US$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Biliboss Ltd.	1	100	Property investment	US$1
Bright Strong Limited		100	Property development, trading and investment	2
Buratto Limited	1	100	Property investment	US$1
Capital Mind Investments Limited	1	100	Property investment	US$1
Century Opal Limited		100	Property investment and development	1
Channel First Limited		100	Property development and investment	1
Champion Dynasty Investments Limited	1	100	Property investment	US$1
Charmford Holdings Limited		100	Property trading	1
Cheerlord Investment Ltd.	1	100	Property investment and hotel operation	US$1
成都忠捷置業有限公司	5b	91	Property development	RMB213,000,000*
Choice Win (H.K.) Limited		100	Property development, trading and investment	1
City Lion Investment Limited	1	100	Property investment	US$1
City Success Limited		100	Property development, trading and investment	2
Classic Best Investments Limited	1	100	Property investment	US$1
Classic Success Investments Limited	1	100	Property investment	US$1
Connick Limited	1	100	Property investment	US$1
Crown Opal Investment Limited		64.30	Property trading	1
Crown World Investment Limited		100	Property trading and investment	1
Dictado Company Limited		100	Property investment	200
Digital Chance Investments Limited	1	100	Property investment	US$1
Dipende Limited	1	100	Property investment	US$1
Dragon Value Investments Limited	1	100	Property investment	US$1
Ease Gold Development Limited		100	Property development, trading and investment	2
Easyway Properties Limited		92	Property trading and investment	1
Entero Company Limited	8	100	Property investment	200
Even Decade Limited	1	100	Property investment	US$1
Ever Channel Limited		100	Property investment	2
Ever Crystal Limited		100	Property investment	1
Ever Fast Limited		100	Property investment	2
Evermax Development Limited		100	Property investment and trading	2
Excellent Chance Limited	1	100	Property investment	US$1
Fast Commerce Global Limited	1	100	Property investment	US$1
Forever Glory Investments Limited	1	100	Property investment	US$1
Fortin International Limited	1	100	Property investment and trading	US$1
Fortune Honor Limited		100	Property investment	2
Fortune Sign Global Limited	1	100	Property investment	US$1
Fortune Yield Investment Limited		100	Property investment	2
佛山市新普房地產開發有限公司	5c	100	Property development and investment	US$34,000,000*
東莞創紀房地產開發有限公司	5c	100	Property development	US$121,000,000*
Full Market Limited		100	Property investment	2
Fu Tong Investment Company Limited	6	100	Property investment	300,000
Garudia Limited		100	Property investment	2

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Gleamland Limited	1	100	Property investment	US$1
Globaluck Limited		100	Property development	2
Golden Square Properties Enterprises Limited	1	100	Property investment	2
		100		(Note 9) 999,998
Good Assets Limited		100	Property trading	1
Good Faith Properties Limited		92	Property trading and investment holding	1
Goodwick Limited		100	Property trading and investment	1
Great Assets Global Limited	1	100	Property investment	US$1
Great Alliance Limited		100	Property trading	1
Group Allied Limited		100	Property trading and investment	1
Group Channel Limited		100	Property investment	1
廣州南沙區慶盛新鴻基地產發展有限公司	5c	100	Property development and investment	RMB3,000,000,000*
廣州新天房地產發展有限公司	5b	70	Property development	RMB798,000,000*
廣州市佳俊房地產開發有限公司	5c	100	Property development	RMB210,000,000*
廣州市新域發展有限公司	5b	100	Business services	RMB7,400,000,000
廣州市南站新鴻基地產投資有限公司	5c	100	Property development and investment	RMB3,700,000,000
廣州市南站新鴻基地產發展有限公司	5c	100	Property development and investment	RMB3,700,000,000
Hambrook Investments Limited	1	100	Property investment	US$1
Harbour Vantage Limited		100	Property trading	2
Harrison Global Limited	1	100	Property investment	US$1
Harvest Treasure Limited		100	Property development and trading	1
Headmaster Assets Limited	1	100	Property investment	US$1
Hero Town Limited	1	100	Property investment	US$86,500,001
Herowell Limited		100	Property investment	1
Hintline Investments Limited		100	Property investment and trading	5,000
Hinwood Investment Limited		100	Property investment and trading	1
Hoi Kong Container Services Company Limited		100	Mid stream operator	40,000,000
Honenberg Limited		100	Property investment	2
Hong Kong Business Aviation Centre Limited		35	Business Aviation Centre	1,000,000
Hong Kong Sky Deck Limited		100	Observation deck	1
Hongyi (Shanghai) Corporate Development Co., Ltd.	5c, 13	100	Property investment	US$214,482,000*
Hung Kai Finance Investment Holding Limited		100	Property investment	200
Incheri Limited	1	100	Hotel operation	US$1
Jayan Company Limited		100	Property investment and investment holding	2
Jet Group Limited		100	Property development, trading and investment	1
Joinyield Limited		100	Property trading and investment	1
Jugada Company Limited		100	Property investment	2
Jumbo Pacific Limited		100	Property trading and investment	1
Junie Limited		100	Property development and trading	2
Joyful Polaris Limited	1	100	Property investment	US$1
Kamchatka Company Limited		100	Property investment	200
Kamsford Hong Kong Limited		100	Property investment	16,500,000
Kartasun Limited		100	Property investment	2
Kimrose Investments Ltd.	1	100	Property investment	US$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Kong Smart Investment Limited		100	Property investment, development and trading	1
Laboster Company Limited	6	100	Property investment	2
Lanecove Enterprise Limited	1	100	Property investment	US$1
Lansmart Limited		100	Property trading and investment holding	2
Lee Bit Kai Investment Company Limited	6	100	Property investment	1,000
Leverson Limited	1	100	Property investment and hotel operation	US$1
Long Kinetic Limited		100	Property investment and hotel operation	1
Long Tesak Company Limited		100	Property investment	100,000
Lunalite Company Limited		100	Property investment	2
Mainco Limited		100	Property development and trading	1
Manceton Limited		100	Property investment	2
Market Century Global Limited	1	100	Property investment	US$1
Market Talent Investments Limited	1	100	Property investment	US$1
Masston Limited		100	Property investment	1
Maxwear Limited	1	100	Property investment	US$1
Mighty Choice Assets Limited	1	100	Property investment	US$1
Mindano Limited		100	Property investment and investment holding	10,000
Morison Limited	1	100	Property investment	US$1
Nixon Cleaning Company Limited		100	Cleaning service	100,000
Obvio Yip Company Limited	6	100	Property investment	15,000,000,000
Opal Lucky Limited		100	Property investment	1
Open Step Limited		60	Property investment	10
Oriental Way Limited		100	Property investment	1
Pacific Earth Enterprise Limited		100	Property trading and investment	1
Pacific Gold Limited		100	Property investment, trading and development	1
Pacific Good Investment Limited		100	Property development, trading and investment	2
Pacotilla Company Limited		100	Property investment	200
Partner Sino Assets Limited	1	100	Property investment	US$1
Pawling Limited	1	100	Property investment	US$1
Polarland Limited		100	Property trading	1
Pontamell Limited	1	100	Property investment	US$1
Potential Area Limited	1	100	Property investment	US$1
Precise Oceanic Limited	1	100	Property investment	US$1
Profit Richness Ltd.	1	100	Property investment	US$1
Progress Success Investments Limited	1	100	Property investment	US$1
Protasan Limited		100	Property investment	100
Red Stand Investments Limited	1	100	Property investment	US$1
Riderstrack Development Limited	1	100	Property investment	US$1
Rinnovare Limited	1	100	Property investment	US$1
Route 3 (CPS) Company Limited		70	Toll road operation	10,000
Score Best Investments Limited	1	100	Property investment	US$1
Scott Global Investments Limited	1	100	Property investment	US$1
Senmark Limited		100	Hotel operation	2
Shanghai Central Plaza Property Co., Ltd.	5a	80	Property investment	US$42,000,000*
Shanghai International Commerce Centre Co., Ltd.	5c	100	Property development and investment	US$290,500,000*

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Shanghai SHK International Commerce Centre Co., Ltd.	5c	100	Property development and investment	US$90,000,000*
Shanghai SHK Weiyi Property Co., Ltd.	5c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weijing Property Co., Ltd.	5c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weizheng Property Co., Ltd.	5c	100	Property investment	RMB1,220,000,000*
Shanghai SHK Weiwan Property Co., Ltd.	5c	100	Property investment	RMB18,500,000,000*
Shanghai Xin Zhong Hui Property Co., Ltd.	5c	100	Property investment	US$18,000,000*
Shubbery Company Limited		100	Property investment	200
Shunyue Investments Limited	1	100	Property investment	US$1
Smithtown Investments Limited	1	100	Property investment	US$1
Solar Kingdom Limited		100	Property investment	2
Speed Wise Limited	6	100	Property investment	2
Speedway Assets Limited	1	100	Property investment	US$1
Splendid Sharp Limited		100	Property investment	4
Spring Bliss Investments Limited	1	100	Property investment	US$1
Standard Top Limited		100	Property investment	2
Starry View Holdings Limited	1	100	Property investment	US$1
Startrack Company Limited		100	Property investment	200
Sun Carol Company Limited		100	Property investment	200
Sun Hung Kai Development (China) Limited		100	Investment holding	20,000,370
Sun Hung Kai Development (Lujiazui II) Ltd.	5c	100	Property investment	US$61,355,000*
Sun Hung Kai Development (Zhang Yang) Ltd.	5c	100	Property development and investment	US$165,000,000*
Sun Hung Kai IFC (Nanjing) Co., Ltd.	5c	100	Property investment	RMB721,914,400*
Sun Hung Kai ICC (Suzhou) Co., Ltd.	5b	90	Property development and investment	RMB1,800,000,000*
Sun Hung Kai Properties (Capital Market) Limited	2,6,12	100	Finance	US$10
Sun Hung Kai Properties Investment (Guangzhou) Limited	5c	100	Investment holding	US$90,000,000*
Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited		100	Real Estate and general agencies	1
Sun Hung Kai Secretarial Services Limited	6	100	Secretarial services	200
Sun Yuen Long Centre Management Company Limited		100 75	Property investment and management	(Note 10) 25,000 (Note 11) 25,000
Sunfez Company Limited		100	Property investment	200
Sunrit Enterprises Limited		100	Property investment	4,000,000
Super Great Limited		100	Property development and investment	1
Superwick Limited		100	Property trading	1
Tainam Holdings Limited	1	100	Property investment	US$1
Ten Choice Development Limited		100	Property investment	2
Tenuta Limited	1	100	Property investment	US$1
Time Bliss Limited	1	100	Property investment	US$1
Tipro Development Limited		100	Property investment	1,000,000
Tonthai Investment Enterprises Limited	1	100	Property investment	US$1
Top State Development Limited		100	Property investment and trading	1
Town Descant Company Limited		100	Property investment	200
Transport Infrastructure Management Limited		100	Road management	70,000,000
True Vantage Global Limited	1	100	Property investment	US$1
Tsi Mai Company Limited		100	Property investment	200

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Tuxedos Company Limited		100	Property investment and trading	200
Uniland Investment Enterprises Limited	1	100	Property investment	US$1
United Way Investments Limited	4,6	100	Owner of trade mark	US$1
		100		(Note 9) US$83,400
Upper Hill Company Limited	1	100	Property investment	US$1
Vast Earn Property Corp.	1	100	Property investment	US$2
Wai Hung Development Company Limited	6	100	Investment holding and property investment	70,000
Warrior Company Limited		100	Property investment	300
Wealth Capsule Investments Limited	1	100	Property investment	US$1
Wealth Power International Enterprise Limited		92	Property investment and trading	1
Well Capital (H.K.) Limited		100	Property development and investment	1
Well Famous Enterprise Limited		100	Property investment	1
Well Logic Properties Investment Limited	1	100	Property investment	US$1
Wellden Limited		100	Property investment	2
Wetland Park Management Service Limited		100	Property investment	2
Willmax Limited		100	Property investment	2
Wilson Parking (Holdings) Limited		100	Investment holding and carpark operation	1,000
Winbox Investment Limited		100	Property investment and trading	1
Winner Land Enterprises Limited		100	Property investment	2
Winter Ranch Limited	1	100	Property investment	US$1
Wisecity Development Limited		100	Property development and trading	2
Wonder Charm Assets Limited	1	100	Property investment	US$1
YATA Limited		100	Department store operation	30,000,000
Zarabanda Company Limited		100	Property investment	2

Notes:
1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated in the Cayman Islands and operating in Hong Kong.*
3. *Incorporated in Bermuda and operating in Hong Kong.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated and operating in the People's Republic of China:*
   a. *Co-operative joint venture enterprise*
   b. *Equity joint venture enterprise*
   c. *Wholly foreign owned enterprise*
6. *Directly held by the Company.*
7. *11.89% directly and 88.11% indirectly held by the Company.*
8. *50% directly and 50% indirectly held by the Company.*
9. *Redeemable share.*
10. *"A" share.*
11. *"B" share.*
12. *At 30 June 2023, the carrying amount of guaranteed notes issued by Sun Hung Kai Properties (Capital Market) Limited is HK$36,665 million (2022: HK$40,684 million), which are repayable on various dates up to June 2033 (2022: July 2032) at average effective rate of 2.73% (2022: 2.71%) per annum.*
13. *At 30 June 2023, the carrying amount of commercial mortgage-backed securities issued by Hongyi (Shanghai) Corporate Development Co., Ltd. is RMB2,000 million, which has a tenor of 18 years and is redeemable at the option of the issuer or holders at the end of every 3 years from the date of issue. Interest rate is 2.85% per annum and is fixed for every 3 years.*

Principal Joint Ventures

The directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures as at 30 June 2023 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal joint ventures were incorporated and are operating in Hong Kong and unlisted.

	Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
+	Altomatic Limited		50	Property investment	Ordinary
#+	China Resources Sun Hung Kai Properties (Hangzhou) Limited	5	40	Property development and investment	Registered capital
#+	China Resources Sun Hung Kai Properties (Wuxi) Limited	5	40	Property development and investment	Registered capital
#	Dragon Beauty International Limited		50	Property development	Ordinary
	Glorious Concrete (BVI) Limited	4	50	Manufacturer of precast and ready mixed concrete	Ordinary
#+	Green Valley Landfill, Limited		20	Landfill waste disposal facility	Ordinary
#+	Guangzhou Fujing Properties Development Co., Ltd.	3	33.33	Property development and investment	Registered capital
#+	廣州宏城廣場房地產開發有限公司	6	50	Property investment	Registered capital
#+	Hangzhou Runhong Properties Limited	5	40	Property development	Registered capital
	IFC Development Limited	1	50	Property investment	Ordinary
	Jade Land Resources Limited		25	Property trading and investment	Ordinary
#	Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited		50	Godown operation	Ordinary
	Max Century (H.K.) Limited		50	Property investment and development	Ordinary
+	Newfoundworld Investment Holdings Limited	1	26.67	Investment holding	Ordinary
#+	Orchard Turn Holding Pte. Ltd.	2	50	Investment holding	Ordinary
+	Ranny Limited		50	Property investment	Ordinary
#+	River Trade Terminal Co. Ltd.	1	50	River trade terminal	Ordinary
#	Senica International Limited	4	22.50	Investment holding	Ordinary
#+	Shanghai Xintian Real Estate Co., Ltd.	3	35	Property development and investment	Registered capital
	Special Concept Development Limited		25	Property investment	Ordinary
+	Splendid Shing Limited		50	Property investment	Ordinary
#+	Star Play Development Limited		33.33	Property investment	Ordinary
#+	祥寶投資(成都)有限公司	5	40	Property development and investment	Registered capital
	Teamfield Property Limited		57.52	Property investment	Ordinary
+	Tinyau Company Limited		50	Property investment	Ordinary
+	Topcycle Development Limited		50	Property development and investment	Ordinary
	Vivid Synergy Limited	1	50	Investment holding	Ordinary

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
# Wolver Hollow Company Limited		50	Property investment	Ordinary
+ Xipho Development Company Limited		33.33	Property trading	Ordinary
#+ 佛山市新升房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新鋒房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新晉房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新駿房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新昊房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新匯房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新景房地產開發有限公司	5	50	Property development	Registered capital
#+ Hangzhou River East Estates Co., Ltd.	3	45	Property development and investment	Registered capital
#+ Hangzhou River West Co., Ltd.	3	50	Property development and investment	Registered capital

+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

Companies with year ends not coterminous with that of Sun Hung Kai Properties Limited.

Notes: 1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated and operating in the Republic of Singapore.*
3. *Incorporated and operating in the People's Republic of China as equity joint venture enterprise.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated and operating in the People's Republic of China as wholly foreign owned enterprise.*
6. *Incorporated and operating in the People's Republic of China as co-operative joint venture enterprise.*

Principal Associates

The directors are of the opinion that a complete list of the particulars of all associates will be of excessive length and therefore the following list contains only the particulars of associates as at 30 June 2023 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal associates were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share
#+ Transport International Holdings Limited (Listed in Hong Kong)	1	42.14	Public transportation	Ordinary
#+ Ranex Investments Limited		29	Property development and investment	Ordinary
#+ The Hong Kong School of Motoring Limited		30	Driving School	Ordinary
#+ Onluck Finance Limited		35.44	Finance	Ordinary
#+ Treasure Peninsula Limited		29	Finance	Ordinary

\+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

\# *Companies with year ends not coterminous with that of Sun Hung Kai Properties Limited.*

Note: 1. Incorporated in Bermuda and operating in Hong Kong.

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