HENDERSON LAND DEVELOPMENT COMPANY LIMITED
恒 基 兆 業 地 產 有 限 公 司

ANNUAL REPORT 2022

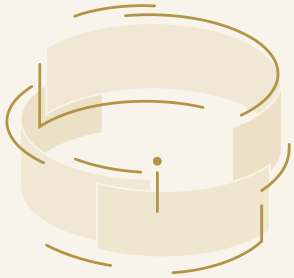
STOCK CODE: 12

REALISING YOUR IMAGINATION

Our Brand Promises

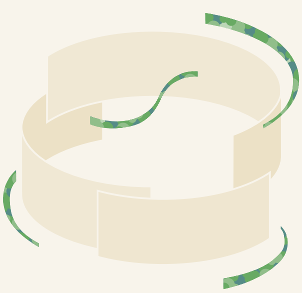
INNOVATION

Innovation is at the heart of our design approach



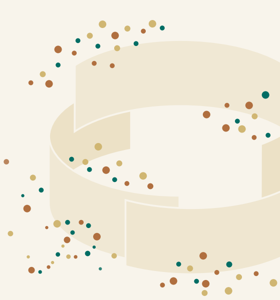
SUSTAINABILITY

We turn imagination into reality, safeguarding the planet for future generations



PEOPLE

By embracing sincerity, we put people first in everything we do



Corporate Profile

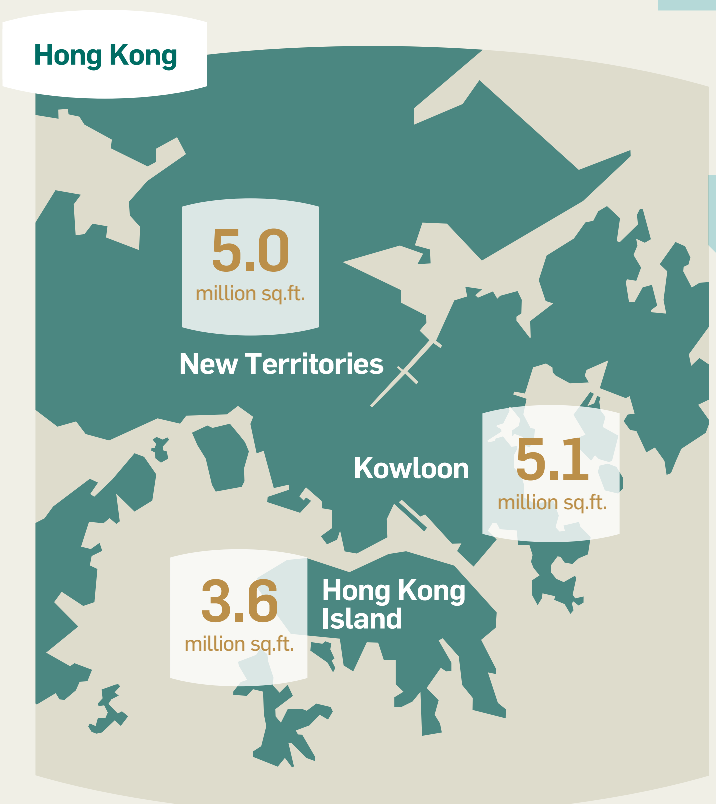
Founded in 1976 by Dr The Honourable Lee Shau Kee, GBM, Henderson Land Development Company Limited is a leading property group with a focus on Hong Kong and mainland China. Its core businesses comprise property development and property investment. In addition, the Company has direct equity interests in two listed subsidiaries, Henderson Investment Limited and Miramar Hotel and Investment Company, Limited, and two listed associates, The Hong Kong and China Gas Company Limited (which in turn has equity stakes in a listed subsidiary, Towngas Smart Energy Company Limited) and Hong Kong Ferry (Holdings) Company Limited.

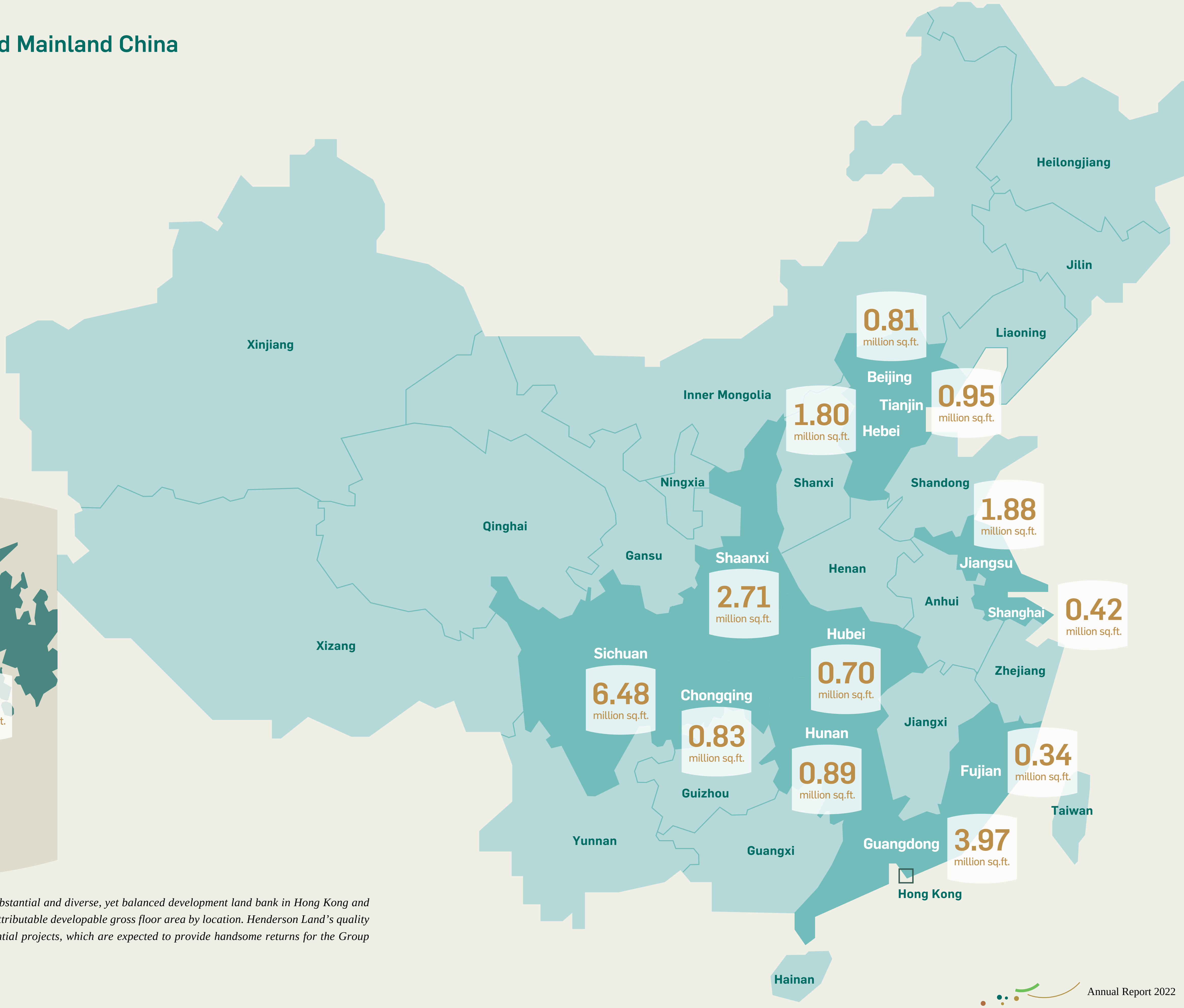
The Company has been listed in Hong Kong since 1981 where it is one of the largest property groups. As at 31 December 2022, the Company had a market capitalisation of HK$132 billion and the combined market capitalisation of the Company, its listed subsidiaries and associates was about HK$295 billion.

The Company is vertically integrated, with project management, construction, property management, and financial services supporting its core businesses. In all aspects of its operations, Henderson Land strives to add value for its shareholders, customers and the community through its commitment to excellence in product quality and service delivery as well as a continuous focus on sustainability and the environment.

Contents

Land Bank – Hong Kong and Mainland China





The diagram above provides an overview of the Group's substantial and diverse, yet balanced development land bank in Hong Kong and mainland China as at 31 December 2022. It illustrates the attributable developable gross floor area by location. Henderson Land's quality land reserve is earmarked for both commercial and residential projects, which are expected to provide handsome returns for the Group during the years to come.

Awards & Accolades

Sustainability Awards 2022

1 **WorldGBC Asia Pacific Leadership in Green Building Awards 2022**
Business Leadership in Sustainability Award

2 **Green Building Award 2021**
Green Building Leadership (Developer) – Pioneer Award
New Buildings Category (Projects Under Construction and/or Design – Residential) – Merit Award (One Innovale)
New Buildings Category (Projects Under Construction and/or Design – Residential) – Finalist (The Symphonie)
Research & Planning Category (Planning) – Finalist (Carbon Neutral Mall – Central Site at Fanling North)

3 **Global Most Innovative Knowledge Enterprise (MIKE) Award 2022**
The Most Outstanding Winner

4 **China Healthy Building Design Label**
Platinum Rating (One Innovale)

5 **BEAM Plus (New Buildings)**
Final Silver Rating (Novum West, Seven Victory Avenue, The Zutten)
Final Bronze Rating (The Addition)
Provisional Gold Rating (New Kowloon Inland Lot No. 6552, Kai Tak, 1-27 Berwick Street, Baker Circle • Dover)
Provisional Silver Rating (22A Kennedy Road, The Quinn • Square Mile)

6 **WELL Building Standard**
Final Platinum (Harbour East)

7 **Asia Pacific Property Awards 2022-2023**
Best Sustainable Residential Development Hong Kong – 5-Star Winner (One Innovale)
Residential Development Hong Kong – Award Winner (4-24 Nam Kok Raod, Kowloon City)
Residential High Rise Architecture Hong Kong – Award Winner (3 Mei Sun Lane, Tai Po)
Residential High Rise Development Hong Kong – Award Winner (458 Sai Yeung Choi Street North)

8 **Asia Property Awards 2022**
Best Condo Development (Hong Kong and Macau) – 5-Star Winner (One Innovale)
Best Mixed Use Development (China-Hong Kong and Macau) – Winner (Baker Circle)
Best Clubhouse Interior Design (Hong Kong and Macau) – Winner (Baker Circle)

9 **GBA Low Carbon Buildings TOP 100 Award 2022**
(H Zentre, Harbour East)

10 **Hong Kong Sustainability Award 2022**
Large Organisation Category – Certificate of Excellence

11 **ESG Achievement Awards 2021/2022**
ESG Benchmark Awards – The ESG Leader – Diamond Award
Special Awards (Criteria Set by Fund Managers) – Outstanding ESG Company – Diamond Award

12 **Hong Kong ESG Reporting Awards 2022**
Outstanding ESG Improvement Award – Grand Award
Excellence in ESG Governance – Commendation
Excellence in Social Positive Impact – Commendation
GRESB X HERA Excellence for Real Estate – Commendation

13 **HKQAA Recognition Awards for Organisations 2022**
Management Excellence Award for Outstanding ESG Rating (Property and Construction Development) – Social Contribution Organisation (Build up Sustainable Cities & Communities)

14 **MCSI ESG Ratings**
BBB

15 **GRESB 2022**
4-Star Rating

The Henderson

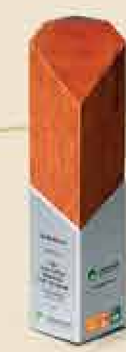
Green Building Award 2021
New Buildings Category (Projects Under Construction and/or Design – Commercial) – Grand Award
Building Products & Technologies Category – Merit Award – Solar Responsive Ventilator (Patented design developed for The Henderson)

2022 Hong Kong Construction Common Data Environment Award
Special Mention Award (Project)

2022 The Architecture MasterPrize
2022 Architectural Design Award – Commercial Architecture Category – Winner

Autodesk Hong Kong BIM Awards 2022
Award Winner

The Hong Kong openBIM / openGIS Award 2022
Grand Award (Project Category)



GBA Low Carbon Buildings TOP 100 Award 2022

SmartScore Certification
Platinum Rating

WiredScore Certification
Platinum Rating

Other Award Highlights

Hang Seng Corporate Sustainability Index Series Member 2022-2023

Group Structure

Henderson Land Group Structure

Market capitalisation as at 31 December 2022
Henderson Land Development Company Limited: HK$132 billion
Six listed companies of Henderson Land Group: HK$295 billion

Henderson Land Development Company Limited
Investment holding, property development and investment in Hong Kong and mainland China, project and property management, construction and provision of finance

33.41%

Hong Kong Ferry (Holdings) Company Limited
Property development and investment

69.27%

Henderson Investment Limited
Department store, household specialty store and supermarket operations in Hong Kong

41.53%

The Hong Kong and China Gas Company Limited
Production and distribution of gas in Hong Kong and mainland China

66.36%

Towngas Smart Energy Company Limited
Sales and distribution of piped gas in mainland China

50.08%

Miramar Hotel and Investment Company, Limited
Hotel and serviced apartment, property rental, food and beverage, and travel

Note: All attributable interests shown above were figures as of 31 December 2022.

Highlights of 2022 Final Results

	Note	For the year ended 31 December 2022 HK$ million	2021 HK$ million	Change
Property development				
– Revenue	*1*	**23,335**	19,005 (restated)	**+23%**
– Pre-tax profit contribution	*1*	**5,552**	6,361 (restated)	**-13%**
Property leasing				
– Gross rental income	*1*	**8,528**	8,631	**-1%**
– Pre-tax net rental income	*1*	**6,212**	6,182	**+0.5%**
Profit attributable to equity shareholders				
– Underlying profit	*2*	**9,629**	13,624	**-29%**
– Reported profit		**9,239**	13,195	**-30%**
		HK$	HK$	
Earnings per share				
– Based on underlying profit	*2, 3*	**1.99**	2.81	**-29%**
– Based on reported profit	*3*	**1.91**	2.73	**-30%**
Dividends per share		**1.80**	1.80	**No change**
	Note	**At 31 December 2022 HK$**	At 31 December 2021 HK$	**Change**
Net asset value per share	*3*	**67.74**	69.20	**-2%**
Net debt to shareholders' equity		**24.1%**	27.5%	**-3.4 percentage points**
	Note	**Million square feet**	Million square feet	
Properties in Hong Kong				
Land bank (attributable floor area)				
– Properties held for/under development	*4*	**13.7**	14.3	
– Unsold units from major launched projects		**1.3**	0.9	
Sub-total:		**15.0**	15.2	
– Completed properties (including hotels) for rental		**10.2**	10.2	
Total:		**25.2**	25.4	
New Territories land (attributable land area)		**45.0**	44.9	
Properties in Mainland China				
Land bank (attributable floor area)				
– Properties held for/under development		**21.8**	35.7	
– Completed stock for sale		**0.8**	1.2	
– Completed properties for rental		**12.5**	8.1	
Total:		**35.1**	45.0	

Note 1: This amount includes the Group's attributable share of contributions from subsidiaries, associates and joint ventures ("JVs").

Note 2: Excluding the Group's attributable share of fair value change (net of tax) of the investment properties held by subsidiaries, associates and JVs.

Note 3: The earnings per share were calculated based on the weighted average number of shares under Hong Kong Accounting Standard 33, "Earnings Per Share". The net asset value per share was calculated based on the number of issued shares outstanding at 31 December 2022 and 31 December 2021.

Note 4: Including the total attributable developable area of about 4.7 million sq. ft. from Fanling North and other projects, which are subject to finalisation of land premium.

The Henderson, Hong Kong
by Zaha Hadid Architects for Henderson Land
Render by Cosmoscube
(artist's impression)

Chairmen's Statement

Profit Attributable to Shareholders

The Group's underlying profit attributable to equity shareholders for the year ended 31 December 2022 amounted to HK$9,629 million, representing a decrease of HK$3,995 million or 29% from that of HK$13,624 million for the previous year. The decrease in underlying profit was partly due to an attributable gain of HK$1,889 million which was recognised in the previous year as a result of the consolidation of assets and liabilities of Miramar Hotel and Investment Company, Limited ("Miramar") re-measured at fair value on 14 April 2021 upon becoming a subsidiary of the Group. Underlying earnings per share were HK$1.99 (2021: HK$2.81).

During the year, an attributable share of fair value loss of HK$390 million (2021: HK$429 million) (which included the adjustments of cumulative fair value change of investment properties disposed of) was recorded after revaluation of the Group's completed investment properties and investment properties under development. Including such fair value loss, the Group's reported profit attributable to equity shareholders for the year under review amounted to HK$9,239 million, representing a decrease of HK$3,956 million or 30% from that of HK$13,195 million for the previous year. Reported earnings per share were HK$1.91 (2021: HK$2.73).

Dividends

The Board recommends the payment of a final dividend of HK$1.30 per share to shareholders whose names appear on the Register of Members of the Company on Tuesday, 13 June 2023, and such final dividend will not be subject to any withholding tax in Hong Kong. Including the interim dividend of HK$0.50 per share already paid, the total dividend for the year ended 31 December 2022 will amount to HK$1.80 per share (2021: HK$1.80 per share).

The proposed final dividend is expected to be distributed to shareholders on Friday, 23 June 2023.

Business Review

Hong Kong

Property Sales

Since 2022, the US Federal Reserve has raised the interest rate eight times. Hong Kong did not fully follow due to its ample liquidity, resulting in the prevailing mortgage interest rates staying at an affordable level. However, the uncertain outlook of the global economy weighed on the sentiment of homebuyers, hence the slowdown in the local property market towards the year end.

The attributable revenue from the Group's property development in Hong Kong amounted to HK$15,536 million for the year under review, representing an increase of HK$3,340 million compared with the previous year. The corresponding pre-tax profit contribution amounted to HK$3,355 million, representing a decrease of HK$1,403 million compared with the previous year. The decrease in profit was mainly due to the lower profit margins of certain projects recognised during the year.

Dr LEE Ka Shing
GBS, JP, DSSc (Hon)
Chairman and
Managing Director

Dr LEE Ka Kit
GBS, JP, DBA (Hon)
Chairman and
Managing Director

The Henley, Kai Tak, Hong Kong

The Quinn • Square Mile, Mong Kok, Hong Kong (artist's impression)

During the year, the Group launched an array of urban projects for sale, including "Baker Circle • Dover (Phase 1 of Baker Circle One)" and "Baker Circle • Euston (Phase 2 of Baker Circle One)" in Hung Hom, "Phase 2 of The Henley" and "Miami Quay I" in Kai Tak, "The Quinn • Square Mile" in Mong Kok and "The Harmonie" in Cheung Sha Wan. "One Innovale" at Fanling, the first residential development in the "North East New Territories New Development Areas", was also released in this financial year. All these developments sold well. Together with the sales of the previously launched projects and some other properties (including car parks), the Group achieved attributable contracted sales of approximately HK$13,743 million in Hong Kong for the year ended 31 December 2022.

At the end of December 2022, attributable contracted sales of Hong Kong properties, which are yet to be recognised in the accounts, amounted to approximately HK$12,072 million, of which approximately HK$7,191 million is expected to be recognised in 2023 upon completion of development and handover to buyers.

Property Development

As regards the Group's urban redevelopment projects (including the projects awarded by the Urban Renewal Authority), those with 80% to 100% ownership secured amounted to 3.3 million square feet in total attributable gross floor area, in addition to a total of approximately 0.6 million square feet in attributable gross floor area that has been earmarked for sales launch in 2023.

The Group has made use of a multi-faceted approach to replenish its development land bank in Hong Kong. Except for those earmarked for rental purposes, there will be an ample supply of saleable areas in the coming years as referred to in the following tables:

Below is a summary of properties held for/under development and major completed stock:

			Attributable saleable/ gross floor area (million sq. ft.) *(Note 1)*	Remarks
(A)	**Area available for sale in 2023**			
1.	Unsold units from the major development projects offered for sale	(Table 1)	1.3	
2.	Projects pending sale in 2023	(Table 2)	1.7	
		Sub-total:	**3.0**	
(B)	**Projects in Urban Areas**			
3.	Existing Urban Redevelopment Projects	(Table 3)	0.9	Dates of sales launch are not yet fixed and one of them is pending finalisation of the amount of land premium with the Government
4.	Newly-acquired Urban Redevelopment Projects			
	4.1 with ownership fully consolidated	(Table 4)	2.6	Most of them are expected to be available for sale or lease in 2024-2025
	4.2 with 80% or above ownership secured	(Table 4)	0.7	Most of them are expected to be available for sale or lease in 2025-2027
	4.3 with over 20% but less than 80% ownership secured	(Table 5)	0.7	Redevelopments of these projects are subject to acquisition of full ownerships
5.	The Henderson Murray Road, Central		0.5	To be held for rental purposes upon completion of development
6.	Site 3 of New Central Harbourfront (Inland Lot No. 9088)		1.6	To be held for rental purposes upon completion of development
		Sub-total:	**7.0**	
	Total for the above categories (A) and (B) development projects:		**10.0**	
(C)	**Major development projects in the New Territories**			
	– Fanling North		4.3	*(Note 2)*
	– Fanling Sheung Shui Town Lot No. 263 Kwu Tung		0.3	*(Note 3)*
	– Others		0.4	*(Note 2)*
		Sub-total:	**5.0**	
		Total for categories (A) to (C):	**15.0**	

Note 1: Gross floor area is calculated on the basis of the Buildings Department's approved plans or the Government's latest town planning parameters, as well as the Company's development plans. For certain projects, these details may be subject to change depending on the actual needs in future.

Note 2: Developable area is subject to finalisation of land premium.

Note 3: The Group finalised in-situ land exchange with land premium settled for this land lot in 2017.

(Table 1) Unsold units from the major development projects offered for sale

There are 26 major development projects available for sale:

	Project name and location	Gross floor area (sq. ft.)	Type of development	At 31 December 2022 No. of residential units remaining unsold	Saleable area remaining unsold (sq. ft.)	Group's interest (%)	Attributable saleable area remained unsold (sq. ft.)
1.	The Henley (Phases 1-3 of The Henley) 7 Muk Tai Street Kai Tak	654,602	Commercial/ Residential	629	327,872	100.00	327,872
2.	One Innovale (Phases 1-3 of One Innovale) 8 Ma Sik Road Fanling (formerly known as project at Fanling Sheung Shui Town Lot No. 262, Fanling North)	612,685	Residential	515	187,750	100.00	187,750
3.	Eden Manor 88 Castle Peak Road Kwu Tung	555,399	Residential	112	123,646	100.00	123,646
4.	The Quinn • Square Mile 5 Sham Mong Road Mong Kok	242,518	Commercial/ Residential	363	104,330	100.00	104,330
5.	The Holborn 1 Shau Kei Wan Road Quarry Bay	132,363	Residential	310	81,029	100.00	81,029
6.	Baker Circle • Euston (Phase 2 of Baker Circle One) 33 Whampoa Street Hung Hom	110,352	Commercial/ Residential	277	78,244	100.00	78,244
7.	Miami Quay I 23 Shing Fung Road Kai Tak (formerly known as phase 1 of the project at New Kowloon Inland Lot No. 6574, Kai Tak)	574,614 *(Note 1)*	Residential	602	260,109	29.30	76,212
8.	Baker Circle • Dover (Phase 1 of Baker Circle One) 38 Gillies Avenue South Hung Hom	120,769	Commercial/ Residential	184	47,769	100.00	47,769
9.	Wellesley 23 Robinson Road Mid-Levels West	156,900 *(Note 2)*	Residential	28	47,203	50.00 *(Note 2)*	23,602

Project name and location	Gross floor area (sq. ft.)	Type of development	At 31 December 2022 No. of residential units remaining unsold	Saleable area remaining unsold (sq. ft.)	Group's interest (%)	Attributable saleable area remained unsold (sq. ft.)
10. The Harmonie 233 Castle Peak Road Cheung Sha Wan	159,748	Commercial/ Residential	62 *(Note 3)*	21,522 *(Note 3)*	100.00	21,522 *(Note 3)*
11. Caine Hill 73 Caine Road Mid-Levels	64,116	Commercial/ Residential	73	17,781	100.00	17,781
12. Cetus • Square Mile 18 Ka Shin Street Mong Kok	176,256	Commercial/ Residential	48	14,261	100.00	14,261
13. Aquila • Square Mile 38 Fuk Chak Street Mong Kok	180,427	Commercial/ Residential	42	12,964	100.00	12,964
14. The Upper South 71 Main Street Ap Lei Chau	40,318	Commercial/ Residential	48	9,773	100.00	9,773
15. Arbour 2 Tak Shing Street Tsim Sha Tsui	89,527	Commercial/ Residential	14	7,784	100.00	7,784
16. The Royale – Phases 1-3 8 Castle Peak Road – Castle Peak Bay Tuen Mun	663,062	Residential	41	28,054	16.705	4,686
17. The Hampstead Reach 8 Ping Kin Lane Yuen Long	27,868	Residential	2	3,602	100.00	3,602
18. South Walk • Aura 12 Tin Wan Street Aberdeen	37,550	Commercial/ Residential	14	3,443	100.00	3,443
19. The Addition 350 Un Chau Street Cheung Sha Wan	79,903	Commercial/ Residential	7	2,536	100.00	2,536
20. The Richmond 62C Robinson Road Mid-Levels West	33,678	Commercial/ Residential	5	2,328	100.00	2,328
21. Two • Artlane 1 Chung Ching Street Sai Ying Pun	90,102	Commercial/ Residential	8	1,676	100.00	1,676
22. The Vantage 63 Ma Tau Wai Road Hung Hom	207,254	Commercial/ Residential	3	1,275	100.00	1,275

Project name and location	Gross floor area (sq. ft.)	Type of development	At 31 December 2022 No. of residential units remaining unsold	Saleable area remaining unsold (sq. ft.)	Group's interest (%)	Attributable saleable area remained unsold (sq. ft.)
23. PARKER33 33 Shing On Street Shau Kei Wan	80,090	Commercial/ Residential	2	1,134	100.00	1,134
24. Global Gateway Tower 61A-61E and 63 Wing Hong Street Cheung Sha Wan	336,052	Industrial	Not applicable	75,693 *(Note 4)*	100.00	75,693 *(Note 4)*
25. E-Trade Plaza 24 Lee Chung Street Chai Wan	173,850	Office	Not applicable	60,359 *(Note 4)*	100.00	60,359 *(Note 4)*
26. Mega Cube 8 Wang Kwong Road Kowloon Bay	171,194	Office	Not applicable	48,622 *(Note 4)*	100.00	48,622 *(Note 4)*
		Total:	**3,389**	**1,570,759**		**1,339,893**

Note 1: Representing the total gross floor area for the whole project.

Note 2: The Group's interest represents 25.07% of the development. After the allocation of the residential units, the Group holds jointly with one developer a 50/50 interest in the residential units so allocated.

Note 3: Representing the Group's entitlement for this Urban Renewal Authority project.

Note 4: Representing the office, industrial or shop area.

(Table 2) Projects pending sale in 2023

In the absence of disruption caused by the pandemic or any other unforeseen delays, the following projects will be available for sale in 2023:

	Project name and location	Gross floor area (sq. ft.)	Type of development	No. of residential units	Residential gross floor area (sq. ft.)	Group's interest (%)	Attributable residential gross floor area (sq. ft.)
1.	The Symphonie 280 Tung Chau Street Cheung Sha Wan	144,345	Commercial/ Residential	262	86,472 *(Note 1)*	33.41	28,890 *(Note 1)*
2.	Henley Park 8 Muk Tai Street Kai Tak (formerly known as project at New Kowloon Inland Lot No. 6562, Kai Tak)	397,967	Residential	740	397,967	100.00	397,967
3.	New Kowloon Inland Lot No. 6554 Kai Tak *(Note 2)*	1,205,061	Commercial/ Residential/ Government accommodation	2,060	1,074,563	30.00	322,369
4.	Phase 1, 1-27 Berwick Street, 202-220 Nam Cheong Street and 1-14 Yiu Tung Street	286,015	Commercial/ Residential	738	242,982	100.00	242,982
5.	New Kowloon Inland Lot No. 6576 Kai Tak	722,059	Residential	1,590	722,059	30.00	216,618
6.	456-466 Sai Yeung Choi Street North	171,659	Residential	537	171,659	100.00	171,659
7.	New Kowloon Inland Lot No. 6552 Kai Tak *(Note 2)*	641,165	Commercial/ Residential	566	619,383	18.00	111,489
8.	18 Bulkeley Street Hung Hom	108,801	Commercial/ Residential	278	91,005	100.00	91,005
9.	4-24 Nam Kok Road Kowloon City	118,009	Commercial/ Residential	313	98,341	76.468	75,199
10.	Phase 2 of the project at 23 Shing Fung Road Kai Tak (formerly known as phase 2 of the project at New Kowloon Inland Lot No. 6574, Kai Tak)	574,614 *(Note 3)*	Residential	571	256,036	29.30	75,019
			Total:	**7,655**	**3,760,467**		**1,733,197**

Note 1: Representing the residential saleable area.

Note 2: Pending the issue of pre-sale consent.

Note 3: Representing the total gross floor area for the whole project.

(Table 3) Existing Urban Redevelopment Projects

The Group has two existing projects under redevelopment or land-use conversion and the dates of their sales launch are not yet fixed. As outlined below, they are expected to provide about 0.9 million square feet in attributable gross floor area in the urban areas based on the Buildings Department's approved plans or the Government's latest town planning:

	Project name and location	Site area (sq. ft.)	Expected gross floor area upon redevelopment (sq. ft.)	Group's interest (%)	Expected attributable gross floor area upon redevelopment (sq. ft.)
1.	Yau Tong Bay Kowloon *(Note)*	808,398	3,981,712	22.80	907,830
2.	29A Lugard Road The Peak, Hong Kong	23,653	11,709	100.00	11,709
	Total:	**832,051**	**3,993,421**		**919,539**

Note: The Government's provisional basic terms were accepted in April 2022. The amount of land premium is under appeal and it is pending the review by the Government.

(Table 4) Newly-acquired Urban Redevelopment Projects – with 80% to 100% ownership secured

The Group has 24 newly-acquired urban redevelopment projects with 80% to 100% ownership secured. Their expected attributable gross floor areas, based on the Buildings Department's approved plans or the Government's latest town planning, are as follows:

		With 100% ownership secured		With over 80% but less than 100% ownership secured*		
	Project name and location	Site area (sq. ft.)	Expected attributable gross floor area upon redevelopment (sq. ft.)	Site area (sq. ft.)	Expected attributable gross floor area upon redevelopment (sq. ft.)	Total attributable gross floor area (sq. ft.)
	Hong Kong					
1.	4A-4P Seymour Road Mid-Levels (65% stake held by the Group)	52,453	306,850			306,850
2.	88 Robinson Road Mid-Levels	10,361	51,805			51,805
3.	94-100 Robinson Road Mid-Levels	12,160	60,783			60,783
4.	105 Robinson Road Mid-Levels	27,530	137,638			137,638
5.	33-39 Elgin Street Mid-Levels	4,944	43,682			43,682
6.	41-47A Elgin Street Mid-Levels	7,457	65,571			65,571
7.	1-4 Ladder Street Terrace Mid-Levels	2,859	13,907			13,907
8.	63 Macdonnell Road Mid-Levels	3,155	13,251			13,251
9.	13-21 Wood Road and 22-30 Wing Cheung Street Wanchai	8,600	76,798			76,798
10.	9-13 Sun Chun Street Tai Hang			2,019	18,171	18,171
11.	17-25 Sun Chun Street Tai Hang	4,497	40,473			40,473
12.	83-95 Shek Pai Wan Road and 2 Tin Wan Street Aberdeen	4,950	42,075	1,128	10,716	52,791
13.	4-6 Tin Wan Street Aberdeen			1,740	14,790	14,790
14.	983-987A King's Road and 16-22 and 24-94 Pan Hoi Street Quarry Bay (50% stake held by the Group)			42,018	220,345	220,345
	Sub-total:	**138,966**	**852,833**	**46,905**	**264,022**	**1,116,855**

	Project name and location	With 100% ownership secured Site area (sq. ft.)	With 100% ownership secured Expected attributable gross floor area upon redevelopment (sq. ft.)	With over 80% but less than 100% ownership secured* Site area (sq. ft.)	With over 80% but less than 100% ownership secured* Expected attributable gross floor area upon redevelopment (sq. ft.)	Total attributable gross floor area (sq. ft.)
	Kowloon and New Territories					
15.	16 Kimberley Road Tsim Sha Tsui (Block B, Champagne Court)			12,283	147,396	147,396
16.	Various projects spanning Ka Shin Street, Pok Man Street, Man On Street and Tai Kok Tsui Road Tai Kok Tsui	16,061	145,732	15,745	141,705	287,437 *(Note 1)*
17.	Phase 2, 1-27 Berwick Street, 202-220 Nam Cheong Street and 1-14 Yiu Tung Street, Shek Kip Mei	9,289	115,130			115,130
18.	Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom	75,337	693,913			693,913 *(Note 2)*
19.	68A-76B To Kwa Wan Road, 58-76 Lok Shan Road, 14-20 Ha Heung Road, 1-7 Lai Wa Street and 1-9 and 2-8 Mei Wa Street, To Kwa Wan	32,219	281,772	10,287	92,583	374,355
20.	Bailey Street/Wing Kwong Street Development Project, To Kwa Wan (This project was awarded by the Urban Renewal Authority with a 50% stake held by the Group)	79,718	358,732			358,732
21.	4 Liberty Avenue Ho Man Tin			4,882	39,933	39,933
22.	11-19 Wing Lung Street Cheung Sha Wan *(Note 3)*	6,510	58,300			58,300
23.	67-83 Fuk Lo Tsun Road Kowloon City *(Note 3)*	10,954	92,425			92,425
24.	3 Mei Sun Lane Tai Po	7,976	49,009			49,009
	Sub-total:	**238,064**	**1,795,013**	**43,197**	**421,617**	**2,216,630**
	Total:	**377,030**	**2,647,846**	**90,102**	**685,639**	**3,333,485**

* *Their ownerships will be consolidated by proceeding to court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance". In the event that no court order is granted, the Group may not be able to complete the consolidation of the ownership for development.*

Note 1: Part of a cluster of over 1 million square feet of gross floor area, of which projects (namely, "Eltanin • Square Mile", "Cetus • Square Mile", "Aquila • Square Mile" and "The Quinn • Square Mile") totalling a gross floor area of about 770,000 square feet have been offered for sale.

Note 2: Part of a cluster of over 1 million square feet of gross floor area, of which projects (namely, "Baker Circle • Dover", "Baker Circle • Euston" and the project at 18 Bulkeley Street) totalling a gross floor area of about 340,000 square feet have been offered for sales or are in the sales pipeline in 2023.

Note 3: Developable area may be subject to finalisation of land premium.

(Table 5) Newly-acquired Urban Redevelopment Projects – with over 20% but less than 80% ownership secured

The Group has other acquisitions in progress, comprising 30 projects located in various urban districts. Currently, ownership ranging from over 20% to below 80% of each project has been achieved. If and when their ownerships are successfully consolidated, based on the Government's latest town planning, the total estimated attributable gross floor area would be about 1,880,000 square feet against their total attributable land areas of about 210,000 square feet upon completion of redevelopment. Based on the respective ownership currently secured by the Group for each project, the total pro-rata attributable gross floor area is about 670,000 square feet. Successful acquisitions of the above projects bear uncertainty. The Group may not be able to consolidate ownerships of all projects. Redevelopment can only be implemented upon acquisition of the full ownerships of the relevant projects.

Land Bank

The Group currently has a land bank in Hong Kong comprising a total attributable gross floor area of approximately 25.2 million square feet, made up as follows:

		Attributable gross floor area (million sq. ft.)
Properties held for/under development *(Note)*		13.7
Unsold units from major launched projects		1.3
	Sub-total:	**15.0**
Completed properties (including hotels) for rental		10.2
	Total:	**25.2**

Note: Including the total attributable developable area of about 4.7 million square feet from Fanling North and other projects, which are subject to finalisation of land premium.

Land in Urban Areas

In addition to those already in the sales pipeline as mentioned above, the Group has urban redevelopment projects of old tenement buildings with entire or over 80% ownership acquired, representing a total attributable gross floor area of about 3.3 million square feet, which are expected to be available for sale or lease in 2024 and beyond.

During the year, the Group completed the acquisition of the entire interests in certain development projects. As for the Site 3 of New Central Harbourfront (Inland Lot No. 9088), which was acquired by the Group in 2021, foundation works have commenced. The site will be developed in two phases into a 1,600,000-square-foot mixed-use development. In addition, over 300,000 square feet of landscaped open space will be created for public use. The Outline Development Plan for this project was approved by the Town Planning Board. With the scheduled completion in the fourth quarter of 2026 and the fourth quarter of 2032 respectively for its two-phased development, this project is poised to feature as another landmark in the Central Business District of Hong Kong. In addition, the Group's 22.8% owned residential-cum-commercial project at Yau Tong Bay is pending the Government's review of the amount of land premium. This harbourfront development is expected to provide a total attributable gross floor area of about 900,000 square feet to the Group.

New Territories Land

During the year, the Group acquired further New Territories land lots of about 320,000 square feet. However, the Government reclaimed a total land area of about 240,000 square feet in Yuen Long South and Fanling for public use by payment of cash compensation for an aggregate amount of about HK$422 million. After taking into account the land resumption and land bank adjustment, the Group's New Territories land reserves amounted to approximately 45.0 million square feet at the end of December 2022, representing the largest holding among all property developers in Hong Kong:

By District		Attributable land area (million sq. ft.)
Yuen Long District		25.8
North District		12.2
Tuen Mun District		3.6
Tai Po District and others		3.4
	Total:	**45.0**

The Group holds a total land area of 1.38 million square feet in Fanling North and Kwu Tung North New Development Areas, both in North District. Of this, three separate lots with a combined total land area of roughly over 600,000 square feet in Fanling North are assessed to be eligible for in-situ land exchange and the Government may resume the rest for public use by payment of cash compensation. The Group has applied for in-situ land exchange for these three separate land lots and they are in the process of finalising the land premium with the Government. According to the Government's latest Practice Note No.1/2022, all applications for in-situ land exchanges have to be concluded on or before 30 June 2023. These three lots have respective site areas of 234,000 square feet, 238,000 square feet and 257,000 square feet (including stakes owned by the Government and joint venture companies). Benefiting from the Government's proposed relaxation of plot ratio at these Development Areas, they are expected to provide an aggregate residential gross floor area of approximately 3,732,000 square feet and a commercial gross floor area of approximately 545,000 square feet. Developable areas for these three sites are subject to finalisation of land premium and all of them were offered the provisional basic terms. Having regard to the latest market situation, the amount of land premium would be finalised based on the prevailing market price despite the fact that standardisation of land premium assessment, which was applicable to those applications in Fanling North New Development Area, was introduced by the Government during the year.

In January 2014, the Government commenced its "Preliminary Feasibility Study on Developing the New Territories North" on an area of about 5,300 hectares. In September 2014, the Government announced the "Railway Development Strategy", including its long-term plan to further extend the railway line to Kwu Tung and Ping Che. In order to increase land supply for housing, the Government announced implementation of the "Yuen Long South Development Project" and "Kam Tin South Development Project". The Group holds certain pieces of land in these areas.

As for the "Hung Shui Kiu New Development Area Planning and Engineering Study", the area concerned comprises about 714 hectares in Yuen Long District. The Group holds a total land area of approximately 6.4 million square feet in this location. Under the draft Hung Shui Kiu and Ha Tsuen Outline Zoning Plan, a new town with a population of about 215,000 people and 60,000 additional flats is proposed, of which about 50% are currently designated for private developments. The Government will study the potential increase in the ratio of public housing. Impacts on the Group arising from these proposals are to be assessed. The Group will continue to work in line with the Government's development policies and will follow up closely on its development plans.

The Holborn, Quarry Bay, Hong Kong (artist's impression)

The Pilot Scheme for Arbitration on Land Premium, which was introduced by the Government in October 2014, was extended to October 2024. This Pilot Scheme aims to facilitate the early conclusion of land premium negotiations and expedite land supply for housing and other uses. The Group will thus consider requesting arbitration on its land exchange or lease modification cases when necessary.

In order to increase and expedite land supply, the Lands Department has already established a centralised Land Supply Section for accelerating "big ticket" lease modification and land exchange cases and further centralisation of premium assessments, so as to streamline and expedite the development process. The Group's Yau Tong Bay project is now handled by this section. In addition, the Development Projects Facilitation Office was set up under the Development Bureau to facilitate the processing of development approval applications for larger-scale private residential sites leading up to the commencement of works.

The Government announced specific criteria in respect of the implementation framework for its "Land Sharing Pilot Scheme" in 2020. To work in line with the Government's policy aimed at alleviating the keen housing demand, the Group submitted an application to the relevant authority under this scheme in conjunction with another developer, after reviewing the Group's land holding in the New Territories. The area concerned in this application is located in Lam Tsuen, Tai Po, covering a site area of about 2 million square feet or 19.3 hectares, which is slightly larger than Victoria Park in Hong Kong. It is proposed to be built into a total of 12,120 housing units, of which 70% (8,484 units) will be developed for the Government's public housing, whilst the remaining 30% (3,636 units) will be designated as private housing development for sale. In November 2022, the project was supported by the advisory group and agreed in principle by the Executive Council. Planning and land exchanges will commence in 2023, whilst the project is expected to be completed in or before 2031. The Group hopes that by participating in this scheme, the relevant land resources can be used more efficiently with their development potential to be unleashed earlier.

In the 2021 Policy Address, the Government proposed a large-scale development plan of "The Northern Metropolis", which might have enormous impacts on the future outlook of the areas concerned and on Hong Kong as a whole. The Group will follow up closely and work in line with this development plan.

ifc mall, Central, Hong Kong

Investment Properties

Despite the outbreak of the fifth wave of the COVID-19 pandemic in early 2022, the subsequent relaxation of social distancing measures when the local situation stabilised and the distribution of the Government's consumption vouchers provided support to Hong Kong's economy. During the year, the Group's attributable share of gross rental income in Hong Kong (including the attributable share of contributions from subsidiaries, associates and joint ventures) decreased by 1% year-on-year to HK$6,457 million. The attributable share of pre-tax net rental income (including the attributable share of contributions from subsidiaries, associates and joint ventures) increased by 1% year-on-year to HK$4,609 million. Included therein is attributable gross rental income of HK$1,696 million contributed from the Group's attributable 40.77% interest in The International Finance Centre ("ifc") project (representing a year-on-year decrease of 7%). The decrease in gross rental income was mainly due to lower rents for new lettings and lease renewals amid the lingering pandemic.

At 31 December 2022, the average leasing rate for the Group's major rental properties was 93%.

At the end of December 2022, the Group held a total attributable gross floor area of approximately 9.7 million square feet of completed investment properties in Hong Kong, with its breakdown as follows:

By type	Attributable gross floor area (million sq. ft.)	Percentage (%)
Shopping arcade or retail	5.4	56
Office	3.5	36
Industrial	0.4	4
Residential and hotel apartment	0.4	4
Total:	**9.7**	**100**

By geographical area	Attributable gross floor area (million sq. ft.)	Percentage (%)
Hong Kong Island	2.5	26
Kowloon	3.3	34
New Territories	3.9	40
Total:	**9.7**	**100**

Besides, there were about 8,400 car parking spaces attributable to the Group, providing another rental income stream.

Four Seasons Hotel Hong Kong, Central, Hong Kong

MCP CENTRAL & MCP DISCOVERY, Tseung Kwan O, Hong Kong

Retail portfolio

The Group's retail portfolio achieved high occupancy at the end of December 2022, caused by the gradual relaxation of social distancing measures since April 2022. Shoppers' traffic nearly returned to pre-pandemic levels, whilst the overall tenant sales also resumed positive growth.

During the pandemic, inbound tourism stalled and local residents became the main driver supporting domestic spending. Thus, the Group enriched the tenant mix at its malls to suit local consumption patterns. More fitness centres, massage parlours and pet shops were brought in to attract customers to come with their families. Besides, in addition to holding regular experiential promotional activities, a number of unique lifestyle concept stores, as well as debut thematic restaurants and cafes, offering customers an unprecedented experience, were also introduced. All these initiatives proved effective, with the Group's malls becoming the preferred locations for both shoppers and retail tenants.

Office portfolio

The economic downturn and large supply pipeline in Hong Kong posed challenges to the office leasing market. However, business opportunities in the Greater Bay Area attracted the interests of certain multinational corporations. Net absorption of office spaces has increased since the third quarter of 2022.

The Group's premium office buildings continued to exhibit resilience during the year. The International Finance Centre ("ifc") in Central, the core business district, was almost fully let as many securities firms and investment banks took up new spaces due to business expansion or relocation. The Group's other Grade-A office buildings on Hong Kong Island, such as "AIA Tower" in North Point and "FWD Financial Centre" in Sheung Wan, also recorded high occupancy during the year. The recently-built office developments, namely "Harbour East" in North Point and "208 JOHNSTON" in Wanchai, recorded improved occupancy as they displayed merits like premium building quality, high specifications and excellent accessibility that various tenants were looking for.

Benefiting from the Group's sustained efforts in cementing relationships with quality tenants, its office and industrial/office portfolio in Kowloon East, including "Manulife Financial Centre", "AIA Financial Centre", "78 Hung To Road" and "52 Hung To Road", also maintained satisfactory occupancy in a slow market.

Construction of The Henderson, the highly anticipated landmark development in Central, is progressing smoothly. In addition to Platinum Pre-certification in both WELL Building Standard (WELL) and Leadership in Energy and Environmental Design (LEED), The Henderson has recently secured both WiredScore and Smartscore Platinum certifications in recognition of its outstanding digital connectivity and advanced smart technology. This 465,000-square-foot super Grade-A office development is scheduled for completion in late 2023. In order to further promote ESG (namely, Environmental, Social and Governance) development, the Group launched the industry's first ever Landlord-Individual-Tenant (LIT) ESG Partnership Programme for The Henderson during the year. Both corporate tenants and their individual employees will be encouraged to achieve sustainability goals and they will be rewarded through the "Smart Office" mobile app upon reaching certain milestones on four key drivers, namely Carbon Neutrality, Health and Wellbeing, Partnership for Good, and Integrated Culture.

The Henderson is highly sought-after by businesses that share the Group's vision of enhancing sustainability and its leasing campaign has been progressing well. "Christie's", the world-leading auction house, signed as The Henderson's first anchor tenant, occupying about 50,000 square feet as a centre for live auctions, private sales, art gallery and education programmes in Hong Kong. Thereafter, "Carlyle", a US private equity giant, also signed up, occupying about 20,000 square feet to consolidate its Asia Pacific headquarters, whilst a sizeable asset management company, namely "Canada Pension Plan Investment Board", committed to lease another 28,000 square feet. This city landmark provides an excellent choice for high-end tenants looking for commercial buildings of excellent quality.

The Henderson, Central, Hong Kong (artist's impression)
The Henderson, Hong Kong by Zaha Hadid Architects for Henderson Land
Render by Cosmoscube

Construction

Under its "Realising Your Imagination" brand manifesto, Innovation, Sustainability and People-centricity are always upheld in the Group's property developments. During the year, the Group obtained the top honour of the "Pioneer Award of Green Building Leadership (Developer)" at the biennial "Green Building Award 2021", which was jointly organised by the Hong Kong Green Building Council and the Professional Green Building Council. In addition, the Group's residential and commercial development projects also received many accolades. The Henderson, in particular, was accredited as winner for the "Grand Award – New Buildings Category (Projects Under Construction and/or Design – Commercial)". The Group was subsequently nominated as Hong Kong's representative for World Green Building Council's "Asia Pacific Leadership in Green Building Awards 2022" and emerged as the winner of the prestigious "Business Leadership in Sustainability Award". Recently, the Group won both Global and Hong Kong Most Innovative Knowledge Enterprise (MIKE) Award for the second consecutive year and was named as one of the three Most Outstanding Winners of the Global MIKE Award. These international awards are recognition of the Group's leadership in driving innovation and promoting green building.

The Group will continue to apply the latest technology and devices to building community and elevating people's quality of life. For instance, in addition to its ongoing application of prefabricated structural modules under "Design for Manufacture and Assembly" (DfMA), the Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP) approach was also adopted during the year which involves certain mechanical, electrical and plumbing installations being pre-assembled so as to expedite the in-situ integration process. Given the prevailing inflationary environment, shortage of workers and exodus of professionals, the above initiatives help reduce on-site manpower needs and construction waste, thereby enhancing quality and cost efficiency. Besides, following the proven success of the Solar Responsive Ventilator (the award-winning patented design developed for The Henderson), the Group will continue to develop and expand the use of innovative building products so as to ensure that a quality and eco-conscious approach is adopted in every part of the construction process.

The following development projects in Hong Kong were completed during the year:

	Project name and location	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type of development	Group's interest (%)	Attributable gross floor area (sq. ft.)
1.	One Innovale (Phases 1-3 of One Innovale) 8 Ma Sik Road Fanling	174,236	612,685	Residential	100.00	612,685
2.	Henley Park 8 Muk Tai Street Kai Tak	94,755	397,967	Residential	100.00	397,967
3.	The Harmonie 233 Castle Peak Road Cheung Sha Wan	17,750	159,748	Commercial/ Residential	100.00	159,748
4.	The Royale – Phases 1-3 8 Castle Peak Road – Castle Peak Bay Tuen Mun	165,765	663,062	Residential	16.705	110,765
5.	The Upper South 71 Main Street Ap Lei Chau	4,800	40,318	Commercial/ Residential	100.00	40,318
					Total:	**1,321,483**

Property Management

The Group's property management companies consist of Hang Yick Properties Management Limited, Well Born Real Estate Management Limited, H-Privilege Limited (which provides services to the Group's urban boutique residences under "The H Collection" brand) and Goodwill Management Limited. By managing about 83,000 apartments and industrial/commercial units, 10 million square feet of shopping and office space, as well as 20,000 car parking spaces collectively in Hong Kong, these companies hold leading positions in the industry.

In order to ensure that quality service is provided to all the properties under their management, these property management companies implement an Integrated Management System complying with the requirements of ISO 9001 (Quality Management System), ISO 10002 (Complaints Handling Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System). During the year, they won numerous performance-related accolades and these included "Best Customer Experience Management of the Year 2022", as well as "Customer Satisfaction Quality System of the Year 2022" and "Corporate Environmental Leadership of the Year 2022" in International Customer Relationship Excellence Awards. Their unflagging efforts in promoting sustainability have also paid off with many properties under their management being praised for their excellence in environmental protection and indoor air quality. Meanwhile, they also received "Grand Prize Award" in the Manpower Developer Award Scheme organised by the Employees Retraining Board ("ERB") for their commitment to nurturing talent, in addition to the honours of "ERB Excellence Award for Employer".

In respect of community services, the property management companies also stayed at the forefront of the industry. As well as distributing anti-epidemic packs to low-income groups during the pandemic, their volunteer teams also actively participated in various charitable activities. As a result, over the years they won the Honour Award of the "Highest Service Hour Award" for the 15th time from the Government's Social Welfare Department, as well as "Excellence Gold Award" and "Corporate (Volunteer Hours) Top Ten Highest Hours" Award in the "Hong Kong Volunteer Award 2022", which was jointly organised by the Government's Home and Youth Affairs Bureau and the Agency for Volunteer Service.

Mainland China

During the year, existing measures in place to control the property market were continuously relaxed. Under the directive that "housing is for living in, not for speculation", a number of favourable policies targeted at "ensuring delivery of homes and safeguarding people's livelihood" were launched to restore homebuyers' confidence in the property market. Meanwhile, local governments intensified their efforts to implement differentiated policies in accordance with their own circumstances. Restrictions on purchasing and lending, as well as down payment requirements, were optimised so as to boost demand from first-time homebuyers and upgraders. However, housing prices continued on a downward trend, whilst transaction volumes of residential properties also continued to decrease, with a milder drop in the first-tier cities. As for the land market, land bidding activities became subdued given the financial pressure faced by certain real estate developers and sluggish market sentiment.

The following development projects were completed during the year:

	Project name	Usage	Group's interest (%)	Attributable gross floor area (million sq. ft.)
1.	Phase 1, Lumina Shanghai, Shanghai	Office and Commercial	100	2.00
2.	Phase 2, Lumina Shanghai, Shanghai	Office and Commercial	100	0.96
3.	Shopping podium of Lumina Guangzhou, Guangzhou	Commercial	100	0.82
4.	Phase 2, Rueyue Huayuan, Guangzhou	Residential	10	0.14
5.	Phases 1B and 2-5 (second batch), The Landscape, Changsha	Residential and Commercial	50	0.58
6.	Phase 1, Xindu Project, Chengdu	Residential	50	0.59
7.	Phases 1-2, Jianyang Project, Chengdu	Residential	50	0.43
8.	Tower 2, Site B, Chengdu ICC, Chengdu	Office and Commercial	30	0.32
9.	Phase 2, Xuheng Huayuan, Hefei	Residential	50	0.24
10.	Phases 1-2, Changan Project, Shijiazhuang	Residential	50	0.83
11.	Phase 6, Tower 4, Riverside Park, Suzhou	Residential	70	0.38
12.	Phase 1R1 (C1-C4 sections), La Botanica, Xian	Residential	50	1.94
13.	Phases 4A and 4B, Grand Paradise, Xuzhou	Commercial	100	0.56
14.	Phase 2B at Site F, Grand Lakeview, Yixing	Commercial	50	0.04
			Total:	**9.83**

The Group's mainland China strategy is as follows:

Property Investment: The Group focuses on the development of Grade-A office buildings. In Shanghai, "Lumina Shanghai" at the Xuhui Riverside Development Area, which was developed in two phases, was completed in its entirety during the year. Leasing activities for this 3,000,000-square-foot development have commenced and the market response is encouraging. In regard to the "Lumina Guangzhou" in Yuexiu District, the remaining 900,000-square-foot commercial portion (including basement areas) was also completed during the year. Negotiation with tenants and signing of tenancies are now under way. Its 970,000-square-foot Grade-A office twin towers, which were completed in 2020, were nearly 80% let. With the successive completion and opening of these new projects, the Group's recurring rental income is set to further increase and serve as a key growth driver. The Group will continue to look for quality property investments in the core areas of major cities.

Property Development: The Group focuses on residential and composite development projects in major and leading second-tier cities, as well as new development opportunities offered by the Greater Bay Area strategic plan. Capitalising on the Group's reputation, management expertise and financial strength, coupled with local developers' market intelligence, construction efficiency and cost advantages, the Group's joint venture projects achieved the expected returns.

During the year, the Group entered into a co-operative agreement with the respective subsidiaries of Shenzhen New Nanshan Holding (Group) Co., Ltd. (a property developer listed in mainland China), China Jinmao Holdings Group Ltd. (a mainland property developer listed in Hong Kong), China Merchants Skekou Industrial Zone Holdings Co. Ltd. (a property developer listed in mainland China), Nanjing Anju Construction Group Co. Ltd. and CIFI Holdings (Group) Co. Limited (a mainland property developer listed in Hong Kong), to jointly develop a commercial-cum-residential site in Xiangcheng District, Suzhou. The land lot with a site area of approximately 1,750,000 square feet, which was acquired at a consideration of about RMB4,821 million, will provide a total gross floor area of about 3,170,000 square feet. The Group holds an 11% equity interest in this project.

At 31 December 2022, in addition to its holding of approximately 0.8 million square feet in attributable gross floor area of completed property stock, the Group held a development land bank in 17 cities with a total attributable gross floor area of about 21.8 million square feet. Around 78% of the land bank is planned for residential development:

Land bank under development or held for future development

	Group's share of developable gross floor area* (million sq. ft.)
Prime cities	
Beijing	0.81
Shanghai	0.42
Guangzhou	2.62
Shenzhen	0.21
Sub-total:	**4.06**
Second-tier cities	
Changsha	0.89
Chengdu	6.48
Chongqing	0.83
Dongguan	0.43
Foshan	0.71
Nanjing	0.02
Shijiazhuang	1.80
Suzhou	1.80
Tianjin	0.95
Wuhan	0.70
Xiamen	0.34
Xian	2.71
Xuzhou	0.06
Sub-total:	**17.72**
Total:	**21.78**

* *Excluding basement areas and car parks.*

Usage of development land bank

	Estimated developable gross floor area (million sq. ft.)	Percentage (%)
Residential	17.08	78
Office	2.14	10
Commercial	1.98	9
Others (including clubhouses, schools and community facilities)	0.58	3
Total:	**21.78**	**100**

Property Sales

During the year, more pre-sold residential units were completed and delivered to buyers compared with the previous year. The attributable revenue and pre-tax profit contribution from the Group's property sales in mainland China as recognised in the financial statements for the year under review amounted to HK$7,799 million and HK$2,197 million respectively, representing year-on-year increases of 15% and 37% over the previous year respectively.

Due to the lingering pandemic, sales schedules and construction progress of the development projects were delayed to varying extents during the year. The Group recorded attributable contracted sales of approximately HK$6,917 million in value and approximately 3.5 million square feet in attributable gross floor area, representing year-on-year decreases of 30% and 29% respectively. Major sales projects included "La Botanica" in Xian, "The Landscape" in Changsha, the Panyu project in Guangzhou, the Changan project in Shijiazhuang, as well as "CIFI Centre", Xindu project and "Chengdu ICC" in Chengdu.

At the end of December 2022, attributable contracted sales of approximately HK$11,551 million are yet to be recognised in the accounts, of which approximately HK$8,549 million is expected to be recognised in 2023 upon completion of development and handover to buyers.

Investment Properties

The remaining 900,000-square-foot commercial portion (including basement areas) of "Lumina Guangzhou" was completed in 2022 following the completion of its 970,000-square-foot office towers in 2020. The entire 3,000,000-square-foot "Lumina Shanghai" was also completed during the year. Together with the joint venture project of Chengdu ICC commercial-cum-office development, which was also completed during the year with an attributable gross floor area of over 300,000 square feet, the Group's completed investment property portfolio in mainland China increased to about 12.5 million square feet in attributable terms at the end of December 2022 with its breakdown as follows:

By type	Attributable gross floor area* (million sq. ft.)	Percentage (%)
Commercial	3.8	30
Office	8.7	70
Total:	**12.5**	**100**

By geographical area	Attributable gross floor area* (million sq. ft.)	Percentage (%)
Beijing	2.2	18
Shanghai	6.8	54
Guangzhou	2.5	20
Other	1.0	8
Total:	**12.5**	**100**

* *Including lettable areas at basement.*

During the year, the Group's leasing business in mainland China continued to perform well with rental growth in Renminbi terms despite the adversities posed by the pandemic containment measures and lockdowns. The rental growth was mainly contributed by the recently completed investment properties (including both "Lumina Guangzhou" and "Lumina Shanghai"), which started to bring in certain rental incomes. However, after taking into account the depreciation of Renminbi against the Hong Kong Dollar by approximately 3% year-on-year, the Group's attributable gross rental income decreased by 1% year-on-year to HK$2,071 million, whilst its attributable pre-tax net rental income also decreased by 1% year-on-year to HK$1,603 million during the year.

In Beijing, "World Financial Centre" in the Chaoyang Central Business District was awarded "Sustainability Achievement of the Year 2022, Excellence" by the Royal Institution of Chartered Surveyors during the year. The leasing rate for this International Grade-A office complex remained high at 91% by the end of December 2022, supported by its prime location, unrivalled building quality and green features, although local business activities were adversely affected by the pandemic containment measures.

In Shanghai, "Henderson 688" at Nanjing Road West, 95% let by the end of December 2022, was awarded "Sustainability Achievement of the Year 2022, Finalist" as well by the Royal Institution of Chartered Surveyors during the year. "Grand Gateway II" atop the Xujiahui subway station recorded an improved leasing rate of 97% at the end of December 2022 upon completion of its renovation which rendered an upgraded building quality. "Henderson Metropolitan" near the Bund, as well as "Greentech Tower" adjacent to the Shanghai Railway Station, achieved leasing rates of 96% and 91% respectively for their office spaces. In addition, the leasing response for the newly-completed "Lumina Shanghai" in the Xuhui Riverside Development Area was encouraging. The 61-storey iconic office tower of its Phase 1 development, which boasts direct access to Longyao Subway Station, provides approximately 1,800,000 square feet of Grade-A office space. Various multinational corporations have already moved in progressively. Meanwhile, many specialty restaurants were added to its 200,000-square-foot shopping mall so as to give customers a diversified dining experience. The neighbouring Phase 2 development, namely, "Lumina Shanghai II", boasts an additional office and retail space of about 1,000,000 square feet. "Zeekr", a premium electric vehicle brand under the Geely Group, has already signed up to lease over 200,000 square feet of its office space.

Lumina Guangzhou, Guangzhou

In Guangzhou, "Lumina Guangzhou" is an integrated development in Yuexiu District, sitting on the bank of the Pearl River with a direct connection to two subway lines. Its twin Grade-A office towers, which were completed in June 2020 with a total gross floor area of about 970,000 square feet, are housing many leading multinational corporations and local enterprises. At the end of December 2022, the overall leasing rate was close to 80%. Its shopping podium and underground commercial area, covering a total gross floor area of about 900,000 square feet, were completed during the year. This mall is set to become a one-stop shopping, entertainment and leisure destination, featuring a wide variety of renowned eateries, retail brands and leisure attractions.

Property Management

During the year, the Group's mainland property management arm (namely, Shanghai Starplus Property Management Co., Ltd., "Starplus") took over the management of "Lumina Shanghai II" and "Centro" in Shanghai. It also provided property pre-management consultancy services to the Nanshan joint-venture development project in Shenzhen. Together with its existing management portfolio (including "Henderson 688", "Henderson Metropolitan" and "Greentech Tower", all in Shanghai, as well as "World Financial Centre" in Beijing), Starplus collectively manages about 7,850,000 square feet of office and commercial space, in addition to 3,300 car parking spaces in mainland China. Starplus adopted management practices and professional accreditation principles complying with the requirements of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System), ISO 50001 (Energy Management System) and ISO 10002 (Complaints Handling Management System). Therefore, quality, health and safety, as well as environmental considerations are consistently embedded in all aspects of its services and daily operations.

In Shanghai, "Henderson Metropolitan" during the year was awarded the "TRUE Zero Waste – Platinum Certification" by Green Business Certification Inc. and "Facility Management Team of the Year 2022, Finalist" by the Royal Institution of Chartered Surveyors. Both "Henderson 688" and "Greentech Tower" won the "Shanghai Excellent Property Management Showcase (non-residential property)" awards, whilst "Greentech Tower" was further validated by International WELL Building Institute to achieve the "WELL Health-Safety Rating". In Beijing, "World Financial Centre" achieved the "Parksmart Rating" of Green Business Certification Inc., in addition to its "WELL Health-Safety Rating". All these demonstrated that the Group's promotion of sustainable development and management for its mainland properties, as well as their green, low-carbon and environmental contributions, were well recognised both locally and internationally.

Henderson Investment Limited ("HIL")

HIL's profit attributable to equity shareholders for the year ended 31 December 2022 amounted to HK$5 million, representing a decrease of 85% from the previous year. The decrease in profit was mainly attributable to (i) the adverse effect of the COVID-19 pandemic on HIL's operations; (ii) the lower sales from APITA at Taikoo Shing due to its phased renovations; and (iii) the operating loss of UNY Tseung Kwan O opened in November 2021 due to the re-alignment of sales mix in its first year of operations.

HIL's business activities are principally carried out by two wholly-owned subsidiaries: (i) Citistore (Hong Kong) Limited (hereinafter collectively referred to as "Citistore"); and (ii) Unicorn Stores (HK) Limited (hereinafter collectively referred to as "Unicorn").

(I) Citistore

During the year, Citistore adjusted its store network and closed down a Citilife store in Shatin, whilst a new counter of Citilife was opened in UNY Lok Fu store. In addition, an array of new food counters and kids' amusement zones was brought in at certain stores so as to meet customers' diverse needs. Citistore also enriched its product portfolio by adding new proprietary brands to its merchandise mix.

With the decrease in gross profit of HK$9 million from the sales of own goods, as well as the decrease in commission income from consignment and concessionaire counters in the aggregate amount of HK$10 million, Citistore's profit after taxation for the year under review still increased by 11% to HK$81 million. The main reasons are Citistore's receipt of wage subsidies of HK$12 million during the year from the Government's "Employment Support Scheme", as well as the net decrease in its total operating expenses of HK$15 million (which included the rent concessions of HK$4 million granted by certain landlords).

(II) Unicorn

APITA at Taikoo Shing commenced its phased renovations during the year. Renovation of its ground floor was completed in June 2022, whilst a new cosy and Japanese-style basement food court (namely, "APITA Eatery") was launched in November 2022, offering a wide range of Japanese culinary delicacies. Together with two restaurants (namely, "Shiawase Yakitori" and "Sensu") newly introduced in mid-2022, APITA brought an enriched dining experience to the residents and office workers of the neighbourhood.

Due to (i) the adverse effect of the COVID-19 pandemic; (ii) the lower sales from APITA at Taikoo Shing due to its phased renovations; and (iii) the operating loss of UNY Tseung Kwan O opened in November 2021 as a result of the re-alignment of sales mix in its first year of operations, Unicorn recorded a loss after taxation of HK$63 million for the year ended 31 December 2022.

With almost all social distancing measures and travel restrictions being removed, HIL will seize business opportunities and roll out various initiatives to offer a better shopping experience to customers. Citistore will launch a new "mobile POS" system so as to further streamline customers' payment process, whilst Unicorn will continue the phased renovations for APITA and revamp its supermarket.

Over the years, efforts have been made to integrate the businesses of Citistore and Unicorn. The centralised distribution centre has become fully operational, expanding the operational capabilities of HIL's supply chain. HIL will continue to pursue centralised procurement to save costs and increase the proportion of proprietary brands, as well as fresh food products from Japan, so as to achieve brand differentiation. In addition, leveraging the strengths of the integrated membership programme (namely, "CU APP"), HIL will strengthen the cross promotions between Citistore and Unicorn and upgrade their online shopping platforms, with the goal of achieving full integration of both online and offline operations.

Miramar Hotel and Investment Company, Limited ("Miramar")

For the year ended 31 December 2022, Miramar's revenue amounted to HK$1,382 million, an increase of 10.8% against last year. Profit attributable to shareholders for the year was HK$480 million with a year-on-year increase of 45.5%. The aforesaid outcome is mainly caused by the decrease in revaluation loss on fair value of investment properties compared with last year, and the increase in revenue from its three business segments (including hotel & serviced apartments, food and beverage and travel business) compared with last year. The underlying profit attributable to shareholders (excluding the net decrease in the fair value of investment properties by HK$23 million (2021: net decrease of HK$112 million) and no other extraordinary gain (2021: the net gain on disposal of non-core properties of HK$19 million)) increased by 23.6% to HK$523 million, year-on-year.

Hotel and Serviced Apartments Business

Miramar continued last year's flexible and multi-pronged business strategies to strengthen the long-stay and staycation businesses by launching a number of long-stay programs, themed suitecation, as well as a number of staycation experiences and catering activities in collaboration with different national tourism bureaus and brands to attract local visitors, resulting in a 28% increase in occupancy rate of The Mira Hong Kong during the year. During the year, hotel room revenue in hotels and serviced apartments segment amounted to HK$160 million, representing a significant increase of 35% over last year. In addition, Mira Moon Hotel was well received following an asset enhancement project, with occupancy rates often exceeding 90%.

Mira Place, Tsim Sha Tsui, Hong Kong

Property Rental Business

In the past year, Miramar continued to enhance customer shopping experience and shopping mall facilities, and launched a number of activities, including large-scale festival themed decorations and promotions, inviting various brands to set up pop-up stores in the malls and organising special weekend markets, in order to broaden the target customer base of the shopping malls, and in turn improve service standards and enhance competitiveness. During the year, its revenue from rental business amounted to HK$800 million and EBITDA of HK$677 million, representing a decrease of 1.8% and 2.9% respectively over last year. As at 31 December 2022, the book value of the overall investment properties was HK$15,200 million.

Food and Beverage Business

Miramar enhanced dine-in offers and takeaway and actively developed its e-shop and its marketing promotions. In addition, in the first half of 2022, Miramar launched two new brands of restaurant concepts, the "Chinesology" (唐述) offering modernised Chinese cuisine and the "JAJA" offering new vegetarian propositions, to further expand its restaurant market. Thanks to sound business, sales and marketing strategies, Miramar was able to seize the opportunities after the fifth wave of the pandemic and stepped up promotions in the second half of the year, successfully capturing the rebounding consumer power. Revenue from its food and beverage business rebounded significantly in the second half of the year, increased by 66% compared to the first half of the year, while revenue in the third and fourth quarters increased by 8% and 42% respectively compared to the previous quarter. During the year, Miramar recorded revenue from food and beverage business of HK$173 million and an EBITDA loss of HK$1.9 million, compared to revenue of HK$133 million and EBITDA loss of HK$10.8 million in the same period last year.

Travel Business

Travel business recorded revenue of HK$91 million and an EBITDA loss of HK$13 million respectively for the year, representing an increase of 572.2% and a decrease of 42.7% respectively over the same period last year, in which revenue and EBITDA were HK$13.5 million and loss of HK$23.3 million respectively.

Associated Companies

The Hong Kong and China Gas Company Limited ("HKCG")

Profit after taxation attributable to shareholders of HKCG for the year amounted to HK$5,248 million, an increase of HK$231 million, up by approximately 5%, compared to 2021. During the year, HKCG invested HK$8,321 million in production facilities, pipelines, plants and other fixed assets for the sustainable development of its various existing and new businesses in Hong Kong and mainland China.

Town Gas Business in Hong Kong

The total volume of gas sales in Hong Kong for 2022 was approximately 27,398 million MJ, a decrease of 1%, in contrast to an approximately 4% increase in the number of appliances sold, both compared to 2021. As at 31 December 2022, the number of customers was 1,995,082, an increase of 30,145, representing an increase of approximately 2% compared to the number at the end of 2021.

Utility Businesses in Mainland China

Towngas Smart Energy Company Limited ("Towngas Smart Energy"; stock code: 1083) recorded a profit after taxation attributable to its shareholders amounted to HK$965 million, a decrease of approximately 23% compared to 2021. As at the end of 2022, HKCG held approximately 66.36% of Towngas Smart Energy's total issued shares.

Towngas Smart Energy added 119 new projects to its portfolio during 2022, comprising 111 renewable energy projects, 7 piped-gas projects and one other project. The total number of projects held by Towngas Smart Energy was 363 as at the end of 2022. A Towngas Smart Energy ecological platform, Tera Planet, was jointly developed with Tencent Cloud in April 2022. Based on the IoT capabilities, the platform helps customers realise intelligent management, analysis, prediction and optimisation of energy data. At present, the Towngas Smart Energy ecological platform has been put into commercial application for the first time in Hailing district, Taizhou, Jiangsu province. It established Towngas Energy Academy in August 2022 and invited fellows, outstanding young persons and other experts to set up an expert committee to conduct specific research in five major fields encompassing energy storage, hydrogen energy, energy digital intelligence, renewable energy, and low-carbon energy saving.

Zero-Carbon Smart Industrial Park in Fengnan district, Tangshan, Hebei province

As at the end of 2022, inclusive of Towngas Smart Energy, HKCG had a total of 315 city-gas projects in mainland China (inclusive of city-gas projects re-invested by its companies) (2021 year end: 303 projects). The total volume of gas sales for these projects for 2022 was approximately 32,100 million cubic metres, an increase of approximately 3% compared to 2021. HKCG's mainland gas customers stood at approximately 37.29 million, an increase of approximately 6% compared to 2021.

HKCG established a gas source operation centre during the year to enhance the flexibility of gas sources through its projects, including the liquefied natural gas ("LNG") receiving terminal in Dapeng, Shenzhen, coalbed methane liquefaction project in Shanxi, LNG project in Ningxia, gas storage facility in Jintan, storage tank project in Caofeidian, and shale gas liquefaction plant in Sichuan. Along with the strategic cooperation with PipeChina to promote the interconnection of provincial pipelines, as well as coordinate and make good use of gas source procurement, HKCG can increase its capability of owning independent gas sources and reduce costs, thereby improving the gross profit of its gas business.

During the year, two new gas wells invested in and developed by HKCG were commissioned in the underground gas storage facility in Jintan district, Changzhou, Jiangsu province. Following the connection with the national pipeline network and then the implementation of interconnection with the pipeline network in Jiangsu province, the gas operating capacity increased to 277 million cubic metres, thus further expanding the peak-shaving capability and commercial coverage in eastern China. Furthermore, HKCG invested in an LNG receiving terminal project at Caofeidian, Tangshan, Hebei province, which comprises 20 storage tanks of 200,000 cubic metres each and two berths for LNG carriers for the whole project. The unloading capacity of the project will eventually reach 20 million tonnes per annum, and it is expected to be commissioned in 2023. Besides, part of the production capacity of the shale gas liquefaction plant in Weiyuan county, Sichuan province, will also be completed and commissioned in 2023.

HKCG's water business recorded stable growth during the year, with the volume of water sales increasing by approximately 3%, and the volume of sewage treatment increasing by approximately 10%, both compared to 2021. HKCG's urban organic waste utilisation project in Suzhou Industrial Park, Jiangsu province, has cumulatively processed approximately 500,000 tonnes of organic waste and produced 22 million cubic metres of bio-natural gas for the park's use. Environmental and sanitary integration in Wujin district, Changzhou, Jiangsu province, is progressing. The sewage treatment project in Wujin High-Tech Industry Development Zone will be commissioned in the third quarter of 2023. Besides, preliminary work for the construction of a domestic waste incineration project in Jiashan and a domestic waste transfer station in Wujin district have also commenced.

Overall, including the projects of Towngas Smart Energy; HKCG had 624 projects (inclusive of city-gas projects re-invested by its companies) (2021 year end: 514 projects) in mainland China as at the end of 2022, spread across 28 provincial regions.

Renewable Energy Business

As at the end of 2022, HKCG had 183 renewable energy projects spread across 24 provincial regions. These projects encompass multi-energy supply (cooling, heating, electricity), photovoltaics, energy storage, charging and swapping power stations, and integrated energy services for industrial and commercial customers.

During the year, HKCG and IDG Capital launched a zero-carbon technology investment fund with a total scale of RMB10,000 million to provide financial support to innovative and start-up firms in the field of zero-carbon technology. HKCG also deploys its great number of application scenarios to accelerate the implementation of innovative products and technologies.

The TERA-Award smart energy innovation competition, jointly launched by HKCG and State Power Investment Corporation Limited, was held for the second time in 2022, anticipating to find excellent innovative technologies and solutions in the smart energy field and help implement start-up projects, and accelerate the application of smart energy innovative technologies into practical use.

Extended Businesses

During the year, HKCG reorganised and upgraded its extended businesses, with "Towngas Lifestyle" as the main brand, and provided one-stop services for more than 37 million household users via the "Smart Kitchen". Its Internet service platform, Towngas Lifestyle Cloud (TLC), has approximately 15 million members.

During the year, HKCG established strategic partnerships with a number of renowned brands in the industry, including the cooperation with Vaillant, a German brand, on promoting "comfortable living" and launching products such as floor heating and ventilation system to meet customers' diverse needs. Besides, through the cooperation with Accenture, Towngas Lifestyle's digital capabilities and talent development were enhanced, thus promoting the development of its business to meticulousness and high quality.

The security chip "TGSE CHIP", jointly developed by Towngas Lifestyle, StarFive and ChinaFive, was officially launched during the year. It is the first RISC-V IoT security chip in the industry to strengthen data security of the "Smart Kitchen" related equipment; its cost is expected to be further reduced.

Environmental, Social And Governance

During the year, HKCG was listed in the Dow Jones Sustainability Asia Pacific Index for the first time, and its ESG ratings were improved by several international rating agencies – including the MSCI ESG Rating, by which the Company and Towngas Smart Energy were both upgraded to "A". At the local level, HKCG was included in the Hang Seng Corporate Sustainability Index for the 12th consecutive year. This company placed first again and was designated "Exemplar" in the Greater China Business Sustainability Index ("BSI"), Greater Bay Area BSI and Hong Kong BSI.

HKCG is also the first Hong Kong company to publish the Climate-related and Nature-related Directive Guide ("Guide") in response to the Taskforce on Nature-related Financial Disclosures (TNFD) framework to review and disclose the ecological and biodiversity impacts, as well as the risks and opportunities arising from its operations, and develop actions to reduce its impacts on the environment. The Guide also further aligned with the Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") by disclosing financial information related to the potential opportunities and risks led by climate change. HKCG became a supporter of TCFD, signatories of the Methane Guiding Principles partnership, China Oil and Gas Methane Alliance, and joined Climate Governance Initiatives in Hong Kong as the founding member.

HKCG issued its inaugural green bond in 2017, and the proceeds from the bond were invested in its waste-to-energy projects. In 2022, Towngas Smart Energy issued its inaugural Sustainability-Linked Bond with a total of US$200 million.

Hong Kong Ferry (Holdings) Company Limited ("Hong Kong Ferry")

Hong Kong Ferry's consolidated profit after taxation for the year ended 31 December 2022 increased by approximately 999% to approximately HK$1,299 million as compared with the same period of 2021. The significant increase in profit was mainly attributable to the recognition of its share of revenue from the sale of the residential units under the joint venture development project known as "The Royale" (in which Hong Kong Ferry has a 50% equity interest) during the year after the delivery of the residential units to the buyers.

Property Development and Investment Operations

In 2022, the gross rental income arising from its commercial arcades amounted to approximately HK$113 million. As at 31 December 2022, the commercial arcades of Shining Heights and Metro6 were fully let. The occupancy rate of the commercial arcade of The Spectacle was 89%. The occupancy rate of commercial arcades of Metro Harbour View and Green Code Plaza were 93% and 98% respectively.

After The Royale obtained the Certificate of Compliance in August 2022, the 1,738 residential units sold had been delivered to buyers and revenue from such property sales was recognised in the accounts.

The development project "The Symphonie" in Cheung Sha Wan will provide Hong Kong Ferry with residential gross floor area of about 100,698 square feet after the redevelopment. The superstructure works were completed and interior fitting-out works were in progress. The project is expected to be completed in early 2024.

Ferry, Shipyard and Related Operations

During the year, the Ferry, Shipyard and Related Operations recorded a deficit of HK$5.4 million as compared with the profit of HK$8.6 million in 2021. The decrease in business results was mainly attributable to the absence of the repair and maintenance subsidy from the Government for ferry operation during the year.

Securities Investment

During the year, a deficit of HK$16.9 million in Securities Investment was recorded due to the fair value change of certain financial assets upon the decline in stock market.

Healthcare, Medical Aesthetic and Beauty Services

During the year, Hong Kong Ferry embarked on healthcare related businesses to provide various high quality medical services to customers. It also embarked on medical aesthetic business, and further provided customers with medical specialist, healthcare and beauty services. AMOUR medical

AMOUR, Tsim Sha Tsui, Hong Kong

aesthetic clinic and premium beauty service centre, located in Mira Place, Tsim Sha Tsui, and with a gross floor area of about 12,000 square feet, were officially opened in August last year. Hong Kong Ferry cooperated with ICON, an international cancer care medical group, to set up a cancer centre at H Zentre in Tsim Sha Tsui in October 2022, with experienced doctors and medical professionals offering safe, comprehensive and professional treatment for patients with different types of cancer. Hong Kong Ferry is now expanding into the area of medical specialties with establishment of the Total HealthCare Specialists Centre, set up at the end of 2022. The centre is also located in H Zentre, Tsim Sha Tsui, to leverage on the other medical disciplines being offered by other medical institutions within its ecosystem to offer professional medical services in accordance with the customers' needs.

Following the recognition of the revenue from the sale of the residential units of "The Royale" in 2022, the rental income from shops and commercial arcades will be the major source of revenue of Hong Kong Ferry in 2023.

Corporate Finance

The Group has always adhered to prudent financial management principles. At 31 December 2022, net debt amounted to HK$79,086 million (2021: HK$91,968 million) giving rise to a financial gearing ratio of 24.1% (2021: 27.5%).

As regards environmental and sustainability progress, the Group is committed to environmental protection in its property developments and has received wide recognition. Numerous world-class sustainability awards, certifications and professional accreditations were bestowed by an array of international and local professional rating agencies. Since 2020, green credit and sustainability loan facilities exceeding HK$47,000 million have been secured from the financial community with favourable terms. Among them was a HK$100 million Social Loan, which required the Company to fulfill its social responsibility. The loan was the first of its kind ever concluded by a property developer in Hong Kong, recognising the Group's realisation of its broader 2030 Sustainability Vision. In addition, the Group has recently signed a Green and Sustainability Strategic Co-operative Agreement in the amount of RMB30,000 million with a bank. The aforesaid demonstrates that the Group's prime credit standing and environmental contributions are well received by the international financial community.

The Group also fully supports financial innovation in Hong Kong, and has entered into a three-year HK$-HONIA based interest rate swap contract of HK$1,000 million so as to hedge a HK$-HONIA based bank loan of the same amount. Both were pioneering deals executed between financial institutions and corporate clients in Hong Kong. Besides, in recent years, the Group has continuously issued medium term notes, seven-year Japanese Yen loans and six-year Renminbi loans with a total amount of HK$41,932 million to diversify its sources of funding and extend its debt maturity profile.

At 31 December 2022, shareholder's loans to the Group amounted to HK$56,007 million (2021: HK$53,710 million).

Sustainability

During 2022, the Group continued to embed its G.I.V.E. strategies, namely Green for Planet, Innovation for Future, Value for People and Endeavour for Community, in its daily operations, taking a step forward towards its 2030 Sustainability Vision. As always, the Group hopes to play a part in advancing a more sustainable and inclusive world.

Innovation is an important driving force within the Group for enhancing sustainability and business growth. The Group continues to go all out for a greener and more sustainable future for all. It earned the prestigious Business Leadership in Sustainability Award at the Asia Pacific Leadership in Green Building Awards 2022, organised by the World Green

Building Council, which serves as a testimony of the Group's leading position in sustainable development, and its longstanding efforts in innovation and green building.

During the year, the Group launched its industry's first ever Landlord-Individual-Tenant (LIT) ESG Partnership Programme at its flagship commercial development "The Henderson". Through the dedicated digital tenant platform, Integrated Tenant Experience Analytic Platform (ITEAP), the Group seeks to establish a tri-party collaboration with its tenants and their employees to provide a tenant-centric smart building experience while striving towards sustainability goals and tackling climate change collectively. Designed as a smart and sustainable workplace of the future, The Henderson is well-recognised through the multiple accolades and certifications received from world-leading green building organisations. In particular, The Henderson secured both WiredScore and SmartScore Platinum certifications in 2022, making it among the first commercial projects in Hong Kong to have obtained such certifications, for its outstanding digital connectivity and advanced smart technology.

Understanding that climate change is an urgent global challenge, the Group is dedicated to putting in its best effort in addressing the issue, and is actively taking different steps necessary to integrate sustainability into its operations. The Group has committed to the Science Based Targets initiative (SBTi) by setting emissions reduction targets grounded in climate science, echoing the call for swift climate action at the 27th United Nations Climate Change Conference of Parties. Meanwhile, the Group is actively integrating climate-related strategies into its decision-making processes through formulating new policies to address emerging topics whilst refreshing existing policies in line with the latest changes in the local and international business and regulatory environment. The Group continues to be a pioneer in the sustainable development of Hong Kong and mainland China.

Prospects

The global economy is fraught with many uncertainties, such as geopolitical tensions and inflation. The US Federal Reserve has consecutively raised the interest rate by 4.25% in the past 12 months and has indicated that these rate hikes have not yet reached a peak. However, the recent collapse of the insolvent Silicon Valley Bank in California and its subsequent possession by the US Government may affect the pace of interest rate hikes by the Federal Reserve. In Hong Kong, benefitting from the worldwide relaxation of anti-pandemic measures and re-opening of borders, recovery to normality has been expedited. There was a marked improvement in market sentiment in recent months. In addition, the Hong Kong Government rolled out various initiatives targeted at attracting enterprises, investment and talent from overseas so as to enhance the city's competitiveness. The 2023-24 Budget also proposed to distribute another round of consumption vouchers and adjust the value bands of the ad valorem stamp duty (Rates at Scale 2), as well as introduce a new Capital Investment Entrant Scheme. All these measures should benefit Hong Kong's overall economic development and the local property market in the long term.

The Group has built up a sizeable land bank to support its property development for the years to come. In Fanling North New Development Area, the Group has three separate land lots which are eligible for in-situ land exchange. Benefiting from the Government's proposed relaxation of plot ratio at the New Development Areas, these three land lots are expected to provide an enlarged attributable gross floor area of about 4.3 million square feet in aggregate upon finalisation of the terms for land exchange. Besides, the Group holds New Territories land reserves amounting to about 45.0 million square feet, which continues to be the largest holding among all property developers in Hong Kong. As regards newly acquired urban redevelopment projects with 80% to 100% of their ownership acquired, the Group has a total attributable gross floor area of about 3.3 million square feet covering a total of 24 projects.

As regards "**property sales**", the Group plans to launch ten development projects in 2023, all of which are located in urban areas. Together with the unsold stock, a total of 2,890,000 square feet of residential gross floor area or about 6,900 residential units in attributable terms is expected to be available for sale in Hong Kong in 2023. In addition, about 180,000 square feet of office/industrial space is also available for sale. At the end of December 2022, attributable contracted sales of Hong Kong and mainland properties, which are yet to be recognised in the accounts, amounted to approximately HK$23,623 million in aggregate, of which approximately HK$15,740 million is expected to be recognised in 2023 upon completion of development and handover to buyers.

As regards "**rental business**", the 465,000-square-foot super Grade-A office development in Central, namely "The Henderson", is scheduled for completion in 2023. At the end of 2023, the Group's portfolio of completed investment properties is expected to comprise an attributable gross floor area of 10.2 million square feet in Hong Kong and 12.5 million square feet in mainland China. Another landmark development in Hong Kong's Central Business District, namely the 1,600,000-square-foot project at Site 3 of the New Central Harbourfront, is under construction and progressing well. In mainland China, the recently completed "Lumina Guangzhou" and "Lumina Shanghai" have successfully secured tenancies with many branded stores and sizeable corporations. With the continuous rise in their leasing rates, both are expected to bring in more rental contributions. Following the continually expanding rental portfolio with a more optimal composition, the Group's recurrent rental income is poised to rise further and serve as a key growth driver.

The "**listed subsidiaries and associates**", namely, HKCG, Miramar, Hong Kong Ferry and HIL, provide the Group with another source of recurrent income. In particular, HKCG was established in 1862 and its business in Hong Kong has been very stable. After over 20 years of development of the city-gas business in mainland China, HKCG has also established a solid foundation, with businesses now spread across 28 provincial areas. HKCG will promote the collaborative development of its city-gas and renewable energy businesses, actively seek environmental protection projects and invest in innovative technology and product development. HKCG is poised to provide continuous contributions to the Group.

With the support of its seasoned and professional leadership and ample financial resources, the Group's three core businesses (namely, "**property sales**", "**rental business**" and "**listed subsidiaries and associates**") are poised to grow from strength to strength, delivering long-term value to its stakeholders. During the year, the Group released its new brand manifesto "Realising Your Imagination" which is anchored by three intertwining brand promises – "Innovation", "Sustainability" and "People". The Group's vision is to build a smart and sustainable city and to elevate everyday lives. By leveraging its diverse expertise, pioneering spirit and business agility, the Group is committed to cultivating a future cityscape of smart architecture with the goal of enhancing liveability and fulfilling its people-centric values.

Appreciation

Mr Lee Tat Man stepped down from his position of Non-executive Director of the Company on 1 June 2022. The Board would like to express its sincere gratitude to Mr Lee Tat Man for his invaluable contribution to the Company over the past 46 years.

We would also like to take this opportunity to extend our appreciation to our fellow directors for their wise counsel, and to thank all our staff for their commitment and hard work amid the pandemic.

Dr Lee Ka Kit
Chairman

Dr Lee Ka Shing
Chairman

Hong Kong, 21 March 2023


ONE INNOVALE
FANLING
HONG KONG

Progress of Major Development Projects

Status of property developments with anticipated completion during the period to the end of 2025

Caine Hill

(100% owned)

Caine Hill, Mid-Levels, Hong Kong (artist's impression)

Site area	6,781 square feet
Gross floor area	64,116 square feet
Residential units	187
Completion	20 January 2023

The Group has a number of projects under development in the prestigious Mid-Levels and a new epicentre of aspirational lifestyle will soon be created. Among them, "Caine Hill" is a 27-storey residential-cum-commercial development and its Occupation Permit was obtained from the Government's Buildings Department in January 2023.

The Holborn

(100% owned)

The Holborn, Quarry Bay, Hong Kong (artist's impression)

Site area	13,944 square feet
Gross floor area	132,363 square feet
Residential units	420
Completion	9 February 2023

Located in Island East with Tai Koo MTR station in its proximity, this residential development will allow upper floor residences to enjoy stunning views of Victoria Harbour and the lush greenery of Mount Parker. An Occupation Permit was obtained from the Government's Buildings Department in February 2023.

Miami Quay

(formerly known as project at New Kowloon Inland Lot No. 6574, Kai Tak) (29.3% owned)

Miami Quay, Kai Tak, Hong Kong (artist's impression)

Site area	104,475 square feet
Gross floor area	574,614 square feet
Residential units	1,219
Expected completion	First quarter of 2023

Following the commissioning the East Rail Line Cross-Harbour Extension in May 2022, Miami Quay enjoys an improved transportation network and residents have easy access to Central – the core business district – via the MTR station. Transport connectivity with West Kowloon will be further enhanced when the Central Kowloon Route is completed. Phase 1 of Miami Quay, which boasts a total of 648 upscale residential units, was launched for sales in September 2022, with the remaining 571 units of its Phase 2 development also in the sales pipeline in 2023.

The Symphonie

(33.41% owned)

The Symphonie, Cheung Sha Wan, Hong Kong (artist's impression)

Site area	16,308 square feet
Gross floor area	144,345 square feet
Residential units	262
Expected completion	Second quarter of 2023

In June 2018, the Group's listed associate, Hong Kong Ferry, was awarded the redevelopment contract for this project by the Urban Renewal Authority. Upon development, Hong Kong Ferry will be entitled to its residential gross floor area. Superstructure works are in progress.

Baker Circle • Dover (Phase 1 of Baker Circle One)

(100% owned)

Baker Circle • Dover, Hung Hom, Hong Kong (artist's impression)

Site area	13,175 square feet
Gross floor area	120,769 square feet
Residential units	324
Expected completion	Third quarter of 2023

Baker Circle One enjoys easy access to every corner of Hong Kong because three MTR stations (namely, Hung Hom, Ho Man Tin and Whampoa) are all within walking distance. Its Phase 1 development, namely Baker Circle • Dover, was well received when it was launched for pre-sales in June 2022. Construction of this 26-storey residential-cum-commercial development has proceeded to the superstructure stage.

New Kowloon Inland Lot No. 6576, Kai Tak

(30% owned)

New Kowloon Inland Lot No. 6576, Kai Tak, Hong Kong (artist's impression)

Site area	103,151 square feet
Gross floor area	722,059 square feet
Residential units	1,590
Expected completion	Third quarter of 2023

This harbourfront residential project, which will be developed in three phases, is set to benefit from the planned brand-new comprehensive and diversified destination – Park Peninsula. Surrounded by the vast green spaces and leisure areas of Metro Park, Kai Tak Sky Garden, Kai Tak Cruise Terminal and other facilities, Park Peninsula is expected to be transformed into a dynamic and vibrant urban location. Superstructure works are in progress.

4A-4P Seymour Road, Mid-Levels

(65% owned)

4A-4P Seymour Road, Mid-Levels, Hong Kong (artist's impression)

Site area	52,453 square feet
Gross floor area	472,077 square feet
Residential units	172
Expected completion	Third quarter of 2023 (Phase 1) Fourth quarter of 2023 (Phase 2)

Situated between Seymour Road and Castle Road in the prestigious Mid-Levels, this joint venture residential development will be completed in two phases. Superstructure works are in progress.

New Kowloon Inland Lot No. 6552, Kai Tak

(18% owned)

New Kowloon Inland Lot No. 6552, Kai Tak, Hong Kong (artist's impression)

Site area	105,110 square feet
Gross floor area	641,165 square feet
Residential units	566
Expected completion	Fourth quarter of 2023

This waterfront development is located on the former Kai Tak airport runway, which was branded as Park Peninsula by the Group and other stakeholders during the year. Superstructure works are in progress and upon completion it will provide a total of 566 spacious residential units, the majority of which will be three- and four-bedroom apartments with unobstructed harbour views.

The Henderson

(100% owned)

The Henderson, Central, Hong Kong (artist's impression) by Zaha Hadid Architects for Henderson Land

Render by Cosmoscube

Site area	31,000 square feet
Gross floor area	465,005 square feet
Expected completion	Fourth quarter of 2023

Superstructure works of "The Henderson", which is designed by the world-renowned architectural firm Zaha Hadid Architects as a new landmark in Central, have progressed well. In addition to Platinum Pre-certification in both WELL Building Standard (WELL) and Leadership in Energy and Environmental Design (LEED), "The Henderson" has recently secured both WiredScore and Smartscore Platinum certifications in recognition of its outstanding digital connectivity and advanced smart technology. This 465,000-square-foot super Grade-A office development is scheduled for completion in late 2023.

29A Lugard Road, The Peak

(100% owned)

29A Lugard Road, The Peak, Hong Kong

Site area	23,653 square feet
Gross floor area	11,709 square feet
Residential unit	1
Expected completion	2024

This deluxe mansion is located in an exceptional prime area of The Peak, which offers a high degree of privacy and magnificent views of Victoria Harbour.

The Quinn • Square Mile

(100% owned)

The Quinn • Square Mile, Mong Kok, Hong Kong (artist's impression)

Site area	26,953 square feet
Gross floor area	242,518 square feet
Residential units	614
Expected completion	First quarter of 2024

Located in the prime area of West Kowloon, the "Square Mile" series is being developed in seven phases, providing a total gross floor area of about one million square feet collectively. "The Quinn • Square Mile" is the closest to the waterfront and Olympic MTR station in the development series. Positioned as an arty green metropolis in West Kowloon, this residential-cum-commercial development was well received when it was launched for sales in May 2022. Superstructure works are also progressing smoothly.

New Kowloon Inland Lot No. 6554, Kai Tak

(30% owned)

New Kowloon Inland Lot No. 6554, Kai Tak, Hong Kong (artist's impression)

Site area	197,478 square feet
Gross floor area	1,205,061 square feet
Residential units	2,060
Expected completion	First quarter of 2024

Along the Park Peninsula waterfront, the Group is developing another premium integrated development with 2,060 residential units. Boasting spectacular views of Victoria Harbour, this development will feature retail space and public facilities. Construction has proceeded to superstructure stage.

Baker Circle • Euston (Phase 2 of Baker Circle One)

(100% owned)

Baker Circle • Euston, Hung Hom, Hong Kong (artist's impression)

Site area	11,625 square feet
Gross floor area	110,352 square feet
Residential units	280
Expected completion	Second quarter of 2024

Located right next to the Group's "Baker Circle • Dover", "Baker Circle • Euston" is a 26-storey residential-cum-commercial development and the market response was encouraging when sales commenced in November 2022. Construction of the superstructure work has been progressing well.

18 Bulkeley Street, Hung Hom

(100% owned)

18 Bulkeley Street, Hung Hom, Hong Kong (artist's impression)

Site area	11,900 square feet
Gross floor area	108,801 square feet
Residential units	278
Expected completion	Third quarter of 2024

Located close to the Group's "Baker Circle • Dover" and "Baker Circle • Euston", the site will be developed into a 26-storey residential-cum-commercial development. Superstructure works are in progress.

39-53 Tai Kok Tsui Road, Tai Kok Tsui

(100% owned)

39-53 Tai Kok Tsui Road, Tai Kok Tsui, Hong Kong (artist's impression)

Site area	9,642 square feet
Gross floor area	86,778 square feet
Residential units	246
Expected completion	Third quarter of 2024

Located close to the Group's "Cetus • Square Mile" with Olympic MTR station in its proximity, this site will be developed into a 21-storey residential-cum-commercial tower with a 4-storey podium. Construction has proceeded to the superstructure stage.

3 Mei Sun Lane, Tai Po

(100% owned)

3 Mei Sun Lane, Tai Po, Hong Kong (artist's impression)

Site area	7,976 square feet
Gross floor area	49,009 square feet
Residential units	122
Expected completion	Fourth quarter of 2024

Surrounded by scenic Lam Tsuen River and Tai Po Waterfront Park, this residential-cum-commercial development is aimed to be the first tree tower building in Hong Kong by planting trees all over the building. Superstructure works are in progress.

4-24 Nam Kok Road, Kowloon City

(76.468% owned)

4-24 Nam Kok Road, Kowloon City, Hong Kong (artist's impression)

Site area	13,113 square feet
Gross floor area	118,009 square feet
Residential units	313
Expected completion	First quarter of 2025

Located right next to Sung Wong Tai MTR Station, this joint venture development comprises a 22-storey residential tower above a two-storey podium of shops and terrace garden. Foundation works are in progress and upon completion the upper floors residences will enjoy expansive views from Victoria Harbour to Lion Rock.

Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom

(100% owned)

Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom, Hong Kong (artist's impression)

Site area	75,337 square feet
Gross floor area	693,913 square feet
Expected completion	First quarter of 2025 (Site B) Fourth quarter of 2025 (Site C1 and F)

This is the remaining portion of the Group's 1,000,000-square-foot community redevelopment project in Hung Hom, which excludes the projects already offered for sales (namely, "Baker Circle • Dover" and "Baker Circle • Euston") as well as the project at 18 Bulkeley Street in the sales pipeline in 2023. Superstructure works are in progress for its Site B development and upon its scheduled completion in the first quarter of 2025, it will provide about 157,000 square feet of residential gross floor area and a 30,000-square-foot retail space. Meanwhile, foundation works are under way for its Site C1 and Site F developments, which will in aggregate provide about 213,000 square feet of residential gross floor area and a 40,000-square-foot retail space upon scheduled completion in the fourth quarter of 2025. For the remaining Site A, Site C2 and Site C3, construction will commence and they are expected to be completed in phases from 2026 onwards.

456-466 Sai Yeung Choi Street North

(100% owned)

456-466 Sai Yeung Choi Street North, Hong Kong (artist's impression)

Site area	22,889 square feet
Gross floor area	171,659 square feet
Residential units	537
Expected completion	Second quarter of 2025

This development, which consists of two residential towers, is under superstructure works. Block A is a 21-storey building, whilst Block B is a 20-storey building with special penthouse units at the top. Adjacent to Mission Hill and within easy reach of MTR stations, this development offers residents both tranquility and modern lifestyle convenience.

1-27 Berwick Street, 202-220 Nam Cheong Street and 1-14 Yiu Tung Street

(100% owned)

*1-27 Berwick Street,
202-220 Nam Cheong Street and
1-14 Yiu Tung Street, Hong Kong
(artist's impression)*

Site area	45,525 square feet
Gross floor area	401,145 square feet
Residential units	1,059
Expected completion	Fourth quarter of 2025 (Phase 1)

The site will be developed in two phases into a residential-cum-commercial development. Phase 1 development comprises about 243,000 square feet of residential gross floor area and some 43,000 square feet of retail space. Superstructure works are underway, whilst site formation for its remaining Phase 2 development will also commence soon.

Location of Various Categories of Development Projects

Unsold units from the major development projects offered for sale

1 The Henley (Phases 1-3 of The Henley)
2 One Innovale (Phases 1-3 of One Innovale)
3 Eden Manor
4 The Quinn • Square Mile
5 The Holborn
6 Baker Circle • Euston (Phase 2 of Baker Circle One)
7 Miami Quay I
8 Baker Circle • Dover (Phase 1 of Baker Circle One)
9 Wellesley
10 The Harmonie
11 Caine Hill
12 Cetus • Square Mile
13 Aquila • Square Mile
14 The Upper South
15 Arbour
16 The Royale – Phases 1-3
17 The Hampstead Reach
18 South Walk • Aura
19 The Addition
20 The Richmond
21 Two • Artlane
22 The Vantage
23 PARKER33
24 Global Gateway Tower
25 E-Trade Plaza
26 Mega Cube

Projects pending sale in 2023

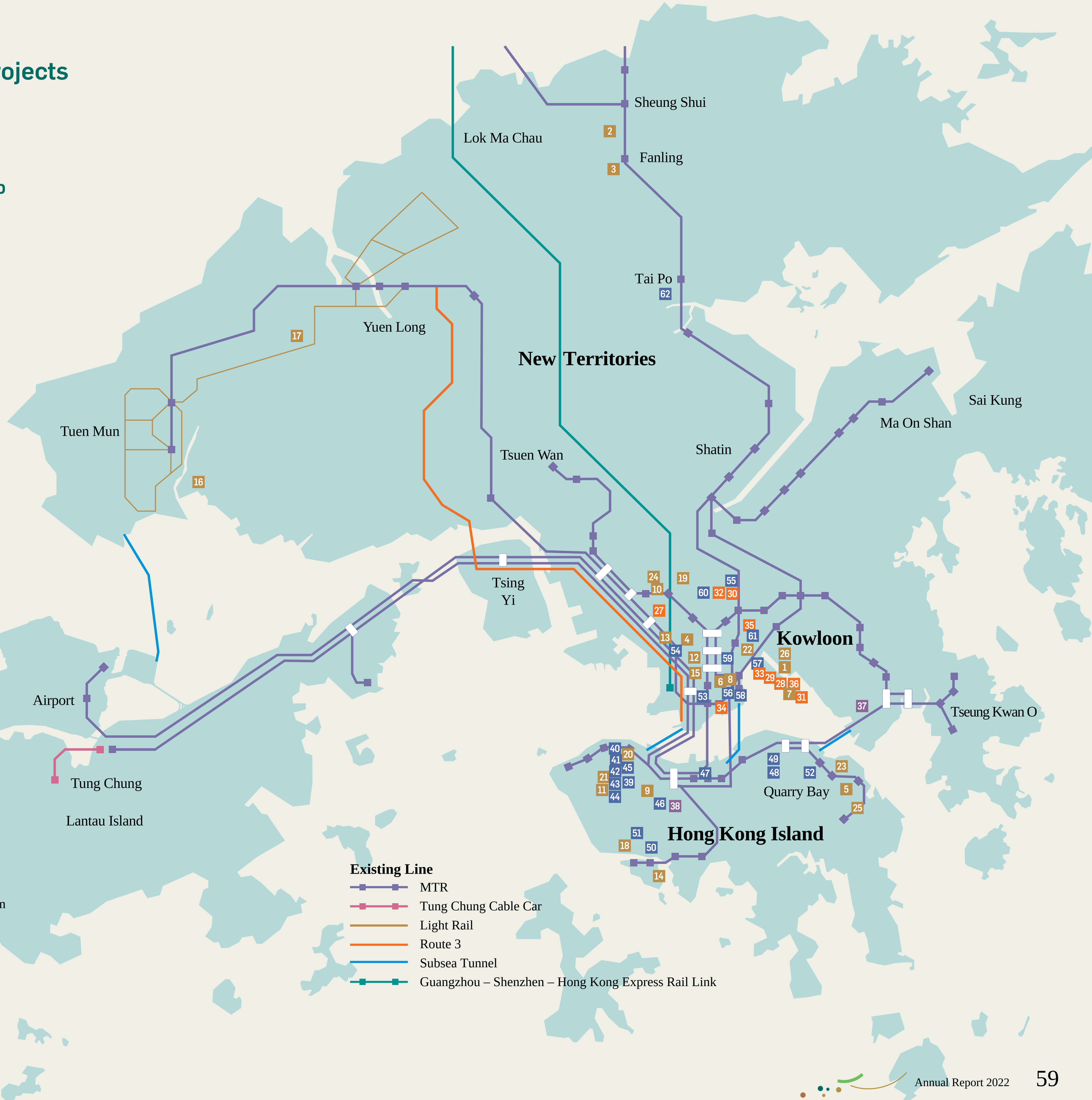
27 The Symphonie
28 Henley Park
29 New Kowloon Inland Lot No. 6554, Kai Tak
30 Phase 1, 1-27 Berwick Street, 202-220 Nam Cheong Street and 1-14 Yiu Tung Street
31 New Kowloon Inland Lot No. 6576, Kai Tak
32 456-466 Sai Yeung Choi Street North
33 New Kowloon Inland Lot No. 6552, Kai Tak
34 18 Bulkeley Street, Hung Hom
35 4-24 Nam Kok Road, Kowloon City
36 Phase 2 of the project at 23 Shing Fung Road, Kai Tak

Existing Urban Redevelopment Projects

37 Yau Tong Bay
38 29A Lugard Road, The Peak

Newly-acquired Urban Redevelopment Projects – with 80% to 100% ownership secured

39 4A-4P Seymour Road, Mid-Levels
40 88 Robinson Road, Mid-Levels
41 94-100 Robinson Road, Mid-Levels
42 105 Robinson Road, Mid-Levels
43 33-39 Elgin Street, Mid-Levels
44 41-47A Elgin Street, Mid-Levels
45 1-4 Ladder Street Terrace, Mid-Levels
46 63 Macdonnell Road, Mid-Levels
47 13-21 Wood Road and 22-30 Wing Cheung Street, Wanchai
48 9-13 Sun Chun Street, Tai Hang
49 17-25 Sun Chun Street, Tai Hang
50 83-95 Shek Pai Wan Road and 2 Tin Wan Street, Aberdeen
51 4-6 Tin Wan Street, Aberdeen
52 983-987A King's Road and 16-22 and 24-94 Pan Hoi Street, Quarry Bay
53 16 Kimberley Road, Tsim Sha Tsui
54 Various projects spanning Ka Shin Street, Pok Man Street, Man On Street and Tai Kok Tsui Road, Tai Kok Tsui
55 Phase 2, 1-27 Berwick Street, 202-220 Nam Cheong Street and 1-14 Yiu Tung Street, Shek Kip Mei
56 Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom
57 68A-76B To Kwa Wan Road, 58-76 Lok Shan Road, 14-20 Ha Heung Road, 1-7 Lai Wa Street and 1-9 and 2-8 Mei Wa Street, To Kwa Wan
58 Bailey Street/Wing Kwong Street Development Project, To Kwa Wan
59 4 Liberty Avenue, Ho Man Tin
60 11-19 Wing Lung Street, Cheung Sha Wan
61 67-83 Fuk Lo Tsun Road, Kowloon City
62 3 Mei Sun Lane, Tai Po



Major Completed Investment Properties

				Attributable gross floor area (square feet)					
Name	Location	Lease expiry	Group's interest (%)	Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	Attributable no. of carpark
Hong Kong Island									
One International Finance Centre	1 Harbour View Street, Central	2047	40.77	–	53,465	319,833	–	**373,298**	71
Two International Finance Centre (excluding levels of 33 to 52, 55, 56 and 77 to 88)	8 Finance Street, Central	2047	40.77	–	207,474	451,857	–	**659,331**	189
Four Seasons Place	8 Finance Street, Central	2047	40.77	216,103	–	–	–	**216,103**	7
H Code	45 Pottinger Street, Central	2842	19.1	–	25,975	–	–	**25,975**	–
Eva Court	36 MacDonnell Road, Mid-Levels	2895	100	108,214	–	–	–	**108,214**	49
FWD Financial Centre	308-320 Des Voeux Road Central, Sheung Wan	2865	100	–	31,987	182,373	–	**214,360**	–
AIA Tower	183 Electric Road, North Point	2047	100	–	22,338	490,072	–	**512,410**	207
Harbour East	218 Electric Road, North Point	2050	100	–	13,923	130,077	–	**144,000**	24
208 JOHNSTON	206-212 Johnston Road, Wanchai	2858	100	–	26,905	38,015	–	**64,920**	–
Mira Moon	388-390 Jaffe Road, Wanchai	2125	100	66,128	–	–	–	**66,128**	–
NOVUM EAST	856 King's Road, Quarry Bay	2893	100	–	28,365	–	–	**28,365**	–
Kowloon									
Manulife Financial Centre	223-231 Wai Yip Street, Kwun Tong	2050	88.5	–	47,860	919,004	–	**966,864**	372
52 Hung To Road	52 Hung To Road, Kwun Tong	2047	100	–	–	–	125,114	**125,114**	–
78 Hung To Road	78 Hung To Road, Kwun Tong	2047	100	–	–	–	119,995	**119,995**	23
H Zentre	15 Middle Road, Tsim Sha Tsui	2064	100	–	339,711	–	–	**339,711**	470
Nathan Hill	38 Hillwood Road, Tsim Sha Tsui	2043	100	–	55,031	–	–	**55,031**	–
Mira Place	118-132 Nathan Road and 1 Kimberley Road, Tsim Sha Tsui	2039	50.08	–	249,219	348,593	–	**597,812**	–
AIA Financial Centre	712 Prince Edward Road East, San Po Kong	2047	100	–	–	216,593	–	**216,593**	84
One Portside (formerly known as Winning Centre)	29 Tai Yau Street, San Po Kong	2047	100	–	–	–	150,212	**150,212**	–
Two Portside (formerly known as Well Tech Centre)	9 Pat Tat Street, San Po Kong	2047	100	–	–	161,998	–	**161,998**	47
Hollywood Plaza	610 Nathan Road, Mong Kok	2047	33.33	–	33,511	64,422	–	**97,933**	–
Square Mile	11 Li Tak Street, 18 Ka Shin Street and 38 Fuk Chak Street, Mong Kok	2870/ 2041	100	–	94,934	–	–	**94,934**	–
Cité 33	33 Lai Chi Kok Road, Mong Kok	2101	100	–	11,612	–	–	**11,612**	–

Name	Location	Lease expiry	Group's interest (%)	Attributable gross floor area (square feet) Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	Attributable no. of carpark
The Sparkle	500 Tung Chau Street, Cheung Sha Wan	2055	100	–	53,443	–	–	**53,443**	–
The Henley	7 Muk Tai Street, Kai Tak	2066	100	–	24,251	–	–	**24,251**	76
The Vantage	63 Ma Tau Wai Road, Hung Hom	2050	100	–	36,574	–	–	**36,574**	–
The Zutten	50 Ma Tau Kok Road	2050	100	–	16,788	–	–	**16,788**	–
New Territories									
KOLOUR • Tsuen Wan I	68 Chung On Street, Tsuen Wan	2047	74.96	–	138,555	156,981	–	**295,536**	100
KOLOUR • Tsuen Wan II	145-165 Castle Peak Road, Tsuen Wan	2047	100	–	155,022	–	–	**155,022**	–
Skyline Plaza	88 Tai Ho Road, Tsuen Wan	2047	100	–	154,259	–	–	**154,259**	104
Shatin Plaza	21-27 Shatin Centre Street, Sha Tin	2047	77.55	–	114,730	–	–	**114,730**	67
Shatin Centre	2-16 Wang Pok Street, Sha Tin	2047	100	–	100,029	–	–	**100,029**	407
MOSTown	18 On Luk Street and 628 Sai Sha Road, Ma On Shan	2047	100	–	612,279	–	–	**612,279**	1,053
MOSTown Street	8, 18 and 22 On Shing Street, Ma On Shan	2047	100	–	78,422	–	–	**78,422**	186
Double Cove	8 Wu Kai Sha Road, Ma On Shan	2060	59	–	63,486	–	–	**63,486**	150
MCP Central	8 Yan King Road, Tseung Kwan O	2047	100	–	956,849	–	–	**956,849**	703
MCP Discovery	8 Mau Yip Road, Tseung Kwan O	2047	100	–	266,954	–	–	**266,954**	140
La Cité Noble Shopping Arcade	1 Ngan O Road, Tseung Kwan O	2047	100	–	35,186	–	–	**35,186**	–
KOLOUR • Yuen Long	1 Kau Yuk Road, Yuen Long	2047	100	–	140,341	–	–	**140,341**	51
Fanling Centre	33 San Wan Road, Fanling	2047	100	–	151,513	–	–	**151,513**	318
Flora Plaza	88 Pak Wo Road, Fanling	2047	60	–	94,657	–	–	**94,657**	130
Dawning Views Plaza	23 Yat Ming Road, Fanling	2047	100	–	87,766	–	–	**87,766**	–
Citygate	20 Tat Tung Road, Tung Chung and Tung Chung Town Lot No. 11, Lantau Island	2047	20	–	160,767	32,280	–	**193,047**	233
The Trend Plaza	Tuen Mun Heung Sze Wui Road	2047	100	–	195,280	–	–	**195,280**	78
The Sherwood	8 Fuk Hang Tsuen Road, Tuen Mun	2052	100	–	30,139	–	–	**30,139**	271
Marina Cove	Lot No. 526 in D.D. No. 210, Sai Kung	2047	40	–	9,566 *(Note)*	–	–	**9,566**	151 *(Note)*
			Total:	**390,445**	**4,919,166**	**3,512,098**	**395,321**	**9,217,030**	**5,761**

Note: In addition there are 121 pontoons and 30 hardstand spaces attributable to the Group

Major Completed Investment Properties

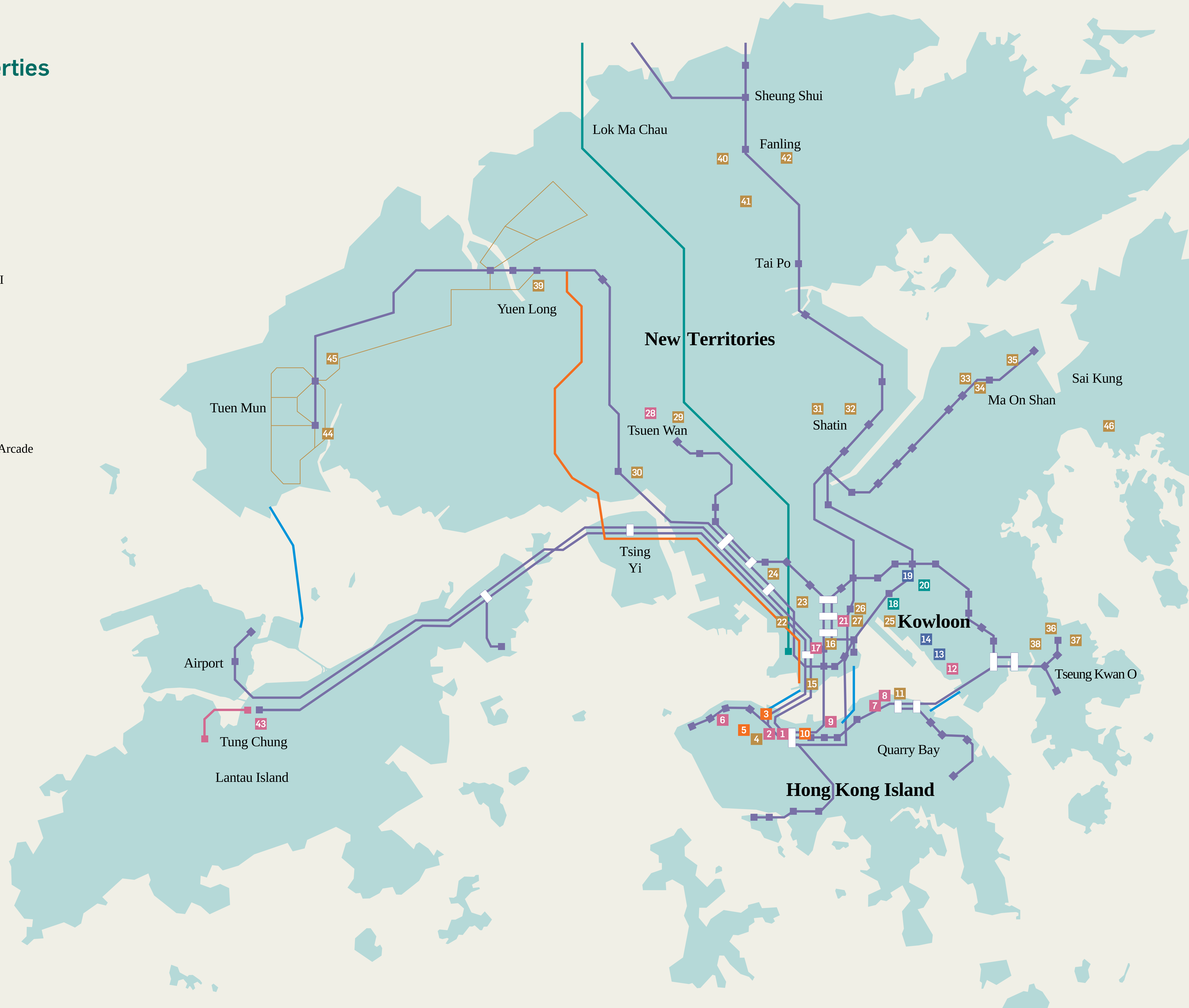
Major Completed Investment Properties

1. One International Finance Centre
2. Two International Finance Centre
3. Four Seasons Place
4. H Code
5. Eva Court
6. FWD Financial Centre
7. AIA Tower
8. Harbour East
9. 208 JOHNSTON
10. Mira Moon
11. NOVUM EAST
12. Manulife Financial Centre
13. 52 Hung To Road
14. 78 Hung To Road
15. H Zentre
16. Nathan Hill
17. Mira Place
18. AIA Financial Centre
19. One Portside
20. Two Portside
21. Hollywood Plaza
22. Square Mile
23. Cité 33
24. The Sparkle
25. The Henley
26. The Vantage
27. The Zutten
28. KOLOUR • Tsuen Wan I
29. KOLOUR • Tsuen Wan II
30. Skyline Plaza
31. Shatin Plaza
32. Shatin Centre
33. MOSTown
34. MOSTown Street
35. Double Cove
36. MCP Central
37. MCP Discovery
38. La Cité Noble Shopping Arcade
39. KOLOUR • Yuen Long
40. Fanling Centre
41. Flora Plaza
42. Dawning Views Plaza
43. Citygate
44. The Trend Plaza
45. The Sherwood
46. Marina Cove

Residential / Hotel Serviced Suites
Commercial
Office
Industrial / Office
Commercial & Office

Existing Line

MTR
Tung Chung Cable Car
Light Rail
Route 3
Subsea Tunnel
Guangzhou – Shenzhen – Hong Kong Express Rail Link



LUMINA GUANGZHOU

GUANGZHOU

Progress of Major Development Projects

Beijing

Lakeside Mansion (24.5% owned)

Located in the central villa area of Houshayu town, Shunyi District, “Lakeside Mansion” is adjacent to the Luoma Lake wetland park and various educational and medical institutions. The site of about 700,000 square feet is being developed into low-rise country-yard townhouses and high-rise apartments, complemented by commercial and community facilities. The country-yard townhouses and high-rise apartments were completed and handed over in 2021, providing a total gross floor area of about 1,060,000 square feet. The remaining 230,000-square-foot commercial portion is scheduled for completion in mid-2023.

Lakeside Mansion, Beijing (artist’s impression)

Beijing

Residential Project in Chaoyang District (100% owned)

Located in the villa area of Sunhe, Chaoyang District, this project is adjacent to the Wenyu River wetland park, Sunhe subway station and an array of educational and medical institutions. The site of about 420,000 square feet will be developed into low-density luxury residences. The project is under construction and it will provide a total gross floor area of about 460,000 square feet for 150 households upon scheduled completion in the third quarter of 2023.

Residential Project in Chaoyang District, Beijing (artist’s impression)

Beijing

Residential-cum-commercial Project in Chaoyang District (50% owned)

Located in the upmarket residential neighbourhood of Sunhe Xiang, Chaoyang District, with Sunhe subway station and Jingping Highway in its vicinity, this project is characterised by its blending of transportation convenience with the natural beauty of its surrounding area. The site of about 340,000 square feet has been completed as a low-density residential-cum-commercial development, complemented by community facilities. The completion certificate was issued in January 2023. The furnished units will be handed over to buyers in the fourth quarter of 2023, providing a total gross floor area of about 520,000 square feet for 152 households.

Residential-cum-commercial Project in Chaoyang District, Beijing (artist's impression)

Changsha

The Landscape (50% owned)

Located in Kaifu District, the 5,490,000-square-foot land lot will be built in phases, offering luxury villas, high-rise apartments and commercial facilities with a total gross floor area of around 9,650,000 square feet for 6,443 households. A total gross floor area of about 8,000,000 square feet was already completed, whilst the remaining residential and commercial portions are scheduled for completion in 2023.

The Landscape, Changsha (artist's impression)

Chengdu

Chengdu ICC (30% owned)

Situated in Jinjiang District, the 14-million-square-foot Chengdu ICC is a mega integrated development sitting atop an interchange station of two metro lines. The project provides a convenient location with its close proximity to the Chengdu East Railway Station, the city's main hub of inter-city trains and High Speed Rail, as well as the picturesque scenery of the nearby Tazishan Park and Shahe River. Comprising about eight million square feet of quality residences, four million square feet of office space, close to two million square feet of stylish retail space and a hotel, the project is poised to become a landmark development. Phases 1, 2A and 2B of the project, providing a combined residential gross floor area of about 3.3 million square feet, were handed over. Phase 2C, together with Phase 3 which was completed in April 2021, contain a retail street and a shopping mall with a combined area of 1.4 million square feet. They opened in the second quarter of 2022. Twin office towers are situated atop the shopping mall. One ICC with a total gross floor area of about one million square feet was completed in the second quarter of 2022, whilst Two ICC is scheduled for completion in the second quarter of 2023, providing another 1.3 million square feet.

Chengdu ICC, Chengdu (artist's impression)

Chengdu

Xindu Project (50% owned)

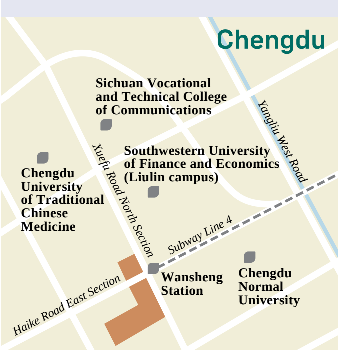
Located near Xindu Passenger Terminal and Xindu East Railway Station, this project is surrounded by a vibrant neighbourhood with various amenities and shopping arcades. The 1,040,000-square-foot land lot is planned to be completed in two phases as a high-end residential development. Upon completion, it will provide a total gross floor area of about 2,600,000 square feet for more than 1,600 households, complemented by a deluxe residents' clubhouse. Phase 1, providing about 1,140,000 square feet of gross floor area in 698 units, was completed in the second quarter of 2022. Its first batch of residences will be handed over to buyers in the second quarter of 2023. Development of Phase 2 is scheduled for completion in the second quarter of 2024, providing 906 units with a total gross floor area of about 1,460,000 square feet.

Xindu Project, Chengdu (artist's impression)

Chengdu

CIFI Centre (50% owned)

Adjacent to the Wansheng Transit-oriented Development ("TOD") hub in Wenjiang District, the site is planned to be developed into a large-scale integrated community, comprising a commercial complex, quality residences and ecological park. The land lot with a site area of approximately 2,000,000 square feet will be developed in five phases. Phase 1 and Phase 4, which have a combined gross floor area of about 2,840,000 square feet, are expected to be completed in the fourth quarter of 2023 and the third quarter of 2023 respectively.



CIFI Centre, Chengdu (artist's impression)

Chengdu

Xinjin Project (50% owned)

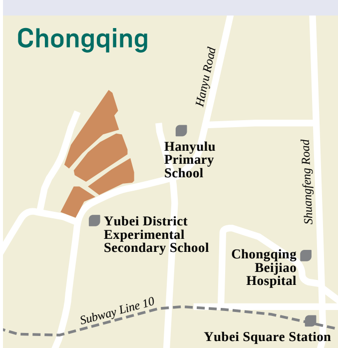
Adjacent to the upcoming Transit-oriented Development ("TOD") hub in Xinjin District, this project is just a 30-minute drive away from the city centre. The land lot with a site area of approximately 680,000 square feet will be developed in two phases, providing an aggregate gross floor area of about 1,030,000 square feet for 798 households upon completion. Construction works are in progress and the entire development is expected to be completed in the second quarter of 2024.

Xinjin Project, Chengdu (artist's impression)

Chongqing

Yubei Project (50% owned)

Located in Yubei District, this project is surrounded by a vibrant neighbourhood with Guanyin Rock Park and various popular schools in its vicinity. The land lot with a site area of about 1,100,000 square feet is planned to be developed into an integrated community. Comprising low-rise residential buildings, townhouses and villas, this project will provide 1,550 residential units with a total residential gross floor area of about 1,660,000 square feet. The project will be developed in four phases. Phases 1 and 2 are both under construction, and they will provide a total gross floor area of about 370,000 square feet and 470,000 square feet respectively.



Yubei Project, Chongqing (artist's impression)

Dongguan

Shijie Project (50% owned)

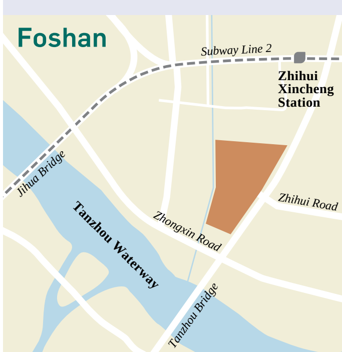
This project is located in Shijie District, with an array of ecological parks, educational and commercial facilities in its vicinity. The land lot, comprising a site area of approximately 280,000 square feet, is planned to be developed into high-rise apartments, complemented by commercial, office and community facilities. Construction works are in progress. Phase 1 of the project is scheduled for completion and handover to buyers in 2024, providing a total gross floor area of about 390,000 square feet.

Shijie Project, Dongguan (artist's impression)

Foshan

Chancheng Project (50% owned)

Located in Zhangcha town, Chancheng District, this project is surrounded by a vibrant neighbourhood with various schools, shopping arcades and lush green parks. The land lot with a site area of about 500,000 square feet will be built in three phases, offering 1,191 residential units with a total residential gross floor area of about 1,320,000 square feet. The project is under construction and its first phase of about 460,000 square feet is scheduled for completion and handover to buyers in 2024.



Chancheng Project, Foshan (artist's impression)

Guangzhou

Runyue Huayuan (10% owned)

Located in Sanlian village, Zengcheng District, with Guangshan highway and Zhonggang station of the planned subway line 21 in its vicinity, a land lot of 920,000 square feet will be developed in phases into high-rise apartments, complemented by commercial and community facilities. Both Section 1 and Section 2 (first batch) have been completed, providing a total gross floor area of around 2,420,000 square feet. The remaining phases are scheduled for completion in 2023.

Runyue Huayuan, Guangzhou (artist's impression)

Guangzhou

Panyu Project (50% owned)

Located in Panyu District, this project commands panoramic views of the Pearl River with Guangzhou Higher Education Mega Centre on its opposite shore. A commercial-cum-residential land lot, with a site area of about 1,090,000 square feet, will be developed into high-rise apartments, complemented by commercial and community facilities, providing a total gross floor area of about 3,280,000 square feet. 2,830,000 square feet (including basement) is under construction and it is scheduled for phased handover to buyers during the period from 2024 to 2026.

Panyu Project, Guangzhou (artist's impression)

Guangzhou

Nansha Project (25% owned*)

Located in Nansha District, this project has a site area of approximately 580,000 square feet and is expected to be developed in four phases, providing high-rise apartments, commercial space, kindergarten and community facilities with an aggregate gross floor area of about 3,780,000 square feet. Construction works already commenced and the first phase of about 790,000 square feet is expected to be completed in the fourth quarter of 2023.

*(*Pursuant to the share transfer agreement entered into after the end of this financial year, the Group will cease to have any ownership in this project upon satisfaction of certain conditions precedent.)*

Nansha Project, Guangzhou (artist's impression)

Shanghai

Pudong Project (51% owned)

Located in Lujiazui's core financial hub close to Metro Line 4 Pudong Avenue station, this 330,000-square-foot land lot will be developed into a mixed-use development of office and commercial space. Construction work commenced in the first quarter of 2022 and it will provide a total developable gross floor area of over 830,000 square feet upon completion, which is scheduled for 2025.

Pudong Project, Shanghai (artist's impression)

Shenzhen

Nanshan Project (50% owned)

Located in Nanyou section of Nanshan District, with the subway stations of Nanyou West and Nanyou in its proximity, a 70,000-square-foot land lot will be developed into an integrated complex with industrial R&D office space, dormitory, and commercial facilities. Construction works already commenced and it is planned for completion in 2024, providing a total gross floor area of about 420,000 square feet.

Nanshan Project, Shenzhen (artist's impression)

Shijiazhuang

Changan Project (50% owned*)

The project, which is conveniently located at the Second Ring Road North in the city's core Changan District, will be developed into a large-scale community. This project will comprise about 4,330,000 square feet or 3,545 residential units, 660,000 square feet or 1,393 apartments, 120,000 square feet of commercial space and 180,000 square feet of kindergarten and other community facilities. Of which, a combined gross floor area of about 1,670,000 square feet was completed in the second and the fourth quarter of 2022.

*(*Pursuant to the share transfer agreement entered into after the end of this financial year, the Group will have full ownership in this project upon satisfaction of certain conditions precedent.)*

Changan Project, Shijiazhuang (artist's impression)

Suzhou

Riverside Park (100% owned*)

Located in Xiangcheng District, the entire residential community of Riverside Park has been completed. There is also an adjoining integrated commercial project, Phase 1 of which boasts a total gross floor area of about 990,000 square feet and was completed and delivered. Of the 1,100,000-square-foot Phase 2 development, Block 4 was completed and handed over in the fourth quarter of 2022, providing a total gross floor area of about 550,000 square feet. The remaining Block 3 is scheduled for completion and delivery in the third quarter of 2023.

*(*CIFI, which participates in the development of Phase 5 (Block Nos. 24 and 30) and Phase 6 of its residential community as well as the integrated commercial project, shares 30% of their costs and economic interests.)*

Riverside Park, Suzhou (artist's impression)

Suzhou

Wujiang Project (50% owned)

Located in Wujiang Development Zone, a 980,000-square-foot land lot will be developed into a residential community for 1,786 households. The project is under construction and its Phase 2 development is planned for completion in the first quarter of 2023, providing a total gross floor area of about 920,000 square feet. Development of the remaining Phases 1 and 3 is planned for completion in the third quarter of 2023, providing a combined gross floor area of about 890,000 square feet.

Wujiang Project, Suzhou (artist's impression)

Suzhou

Residential Project in Xiangcheng District (34.5% owned)

Adjacent to the scenic Shengze Lake area in Xiangcheng District, this project is just a 30-minute drive away from the Suzhou Industrial Park. The land lot with a site area of approximately 490,000 square feet is being developed into a low-density residential development. The entire project is expected to be completed in the second quarter of 2023, providing an aggregate gross floor area of about 510,000 square feet for 302 households.

Residential Project in Xiangcheng District, Suzhou (artist's impression)

Suzhou

Commercial-cum-residential Project in Xiangcheng District (11% owned)

Located at the east of Qimenbei Street and the north of Litai Road in Xiangcheng District, this project is within ten minutes' drive to the Suzhou North Station and enjoys the convenient transportation of High Speed Rail. The project is currently under construction and will be developed into a community with residences, apartments and supporting commercial spaces, providing a total floor area of approximately 3,170,000 square feet for approximately 2,200 households. The entire development comprises three sites. Sites B and C are expected to be completed in the fourth quarter of 2023, whilst site A is expected to be completed in the second quarter of 2024.

Commercial-cum-residential Project in Xiangcheng District, Suzhou (artist's impression)

Tianjin

Dongli Project (50% owned)

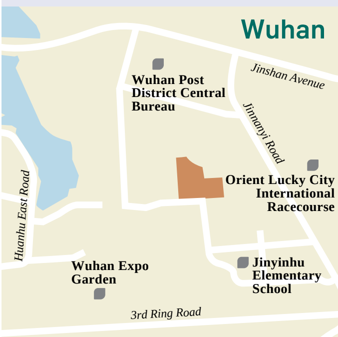
Adjacent to subway line No. 2, this project is conveniently located at the Outer Ring Road East of Dongli District. The land lot with a site area of about 1,000,000 square feet will be developed in phases, offering 1,618 residential units with a total residential gross floor area of about 1,750,000 square feet. Phase 1 and Phase 2, which are both under construction with a combined gross floor area of about 1,120,000 square feet, are expected to be completed in the fourth quarter of 2023 and the second quarter of 2024 respectively.

Dongli Project, Tianjin (artist's impression)

Wuhan

Dongxiwu Project (50% owned)

Located in Dongxiwu District, with Third Ring Road and an interchange station of two subway lines in its vicinity, this project is characterised by its blending of transportation convenience with the magnificent views of its surrounding scenic Wuhan Expo Garden and international golf course. The land lot with a site area of about 480,000 square feet is planned to be developed into a high-end residential development, offering 919 units with a total residential gross floor area of over 1,300,000 square feet. Construction commenced in the third quarter of 2021. The first batch of residences is expected to be completed at the end of 2023, providing a total gross floor area of about 610,000 square feet.



Dongxiwu Project, Wuhan (artist's impression)

Xiamen

Huli Project (50% owned)

Located at Wuyuanwan, Huli District, this project is close to the business hub with an array of educational and medical institutions in its vicinity. The site of about 200,000 square feet will be developed into a high-end residential development, offering 348 units with a total residential gross floor area of about 680,000 square feet. The project, which is under construction, is planned to be completed in the second quarter of 2023.

Huli Project, Xiamen (artist's impression)

Xian

La Botanica (50% owned)

La Botanica is located within the scenic Chan Ba Ecological District with a subway line connecting it to the city centre. This community development will have a total gross floor area of about 32,850,000 square feet, providing homes for over 27,500 households upon full completion. A total gross floor area of over 26,000,000 square feet has already been completed and delivered to buyers. Phases 3R5 and 3R1 are both under construction. Phase 3R5 is scheduled for completion in the first quarter of 2023, providing a total gross floor area of about 1,300,000 square feet. Phase 3R1 is expected to be completed in the third quarter of 2023 with a total gross floor area of about 1,190,000 square feet.

*La Botanica,
Xian
(artist's impression)*

Xuzhou

Grand Paradise (100% owned)

In addition to a total residential gross floor area of about 4,500,000 square feet, which was handed over to buyers, Grand Paradise also boasts a commercial area of over 600,000 square feet. The completion certificate was obtained in the first quarter of 2022 for its 560,000 square feet of commercial space.

Grand Paradise, Xuzhou

Major Completed Investment Properties

Name	Location	Lease expiry	Group's interest (%)	Attributable gross floor area* (square feet) Commercial	Office	Total	Attributable no. of carpark
Beijing							
World Financial Centre	No. 1 East Third Ring Middle Road, Chaoyang District	2034/ 2044	100	212,644	1,999,947	**2,212,591**	1,163
Shanghai							
Lumina Shanghai	No. 175 Longyao Road, Xuhui District	2055/ 2065	100	275,396	1,799,576	**2,074,972**	1,187
Lumina II Shanghai	No. 317-318 Longwen Road, Xuhui District	2058/ 2068	100	148,445	866,640	**1,015,085**	744
Henderson Metropolitan	No. 300 Nanjing Road East, Huangpu District	2053	100	406,618	427,980	**834,598**	272
Henderson 688	No. 688 Nanjing Road West, Jingan District	2044	100	49,807	660,829	**710,636**	404
2 Grand Gateway	No. 3 Hong Qiao Road, Xuhui District	2043	100	–	687,981	**687,981**	–
Skycity	No. 547 Tian Mu Road West, Jingan District	2042	100	293,448	143,401	**436,849**	272
Centro	No. 568 Heng Feng Road, Jingan District	2042	100	65,467	368,658	**434,125**	186
Greentech Tower	No. 436 Heng Feng Road, Jingan District	2042	100	52,922	355,882	**408,804**	163
The Roof	No. 1-36, Lane 458, Madang Road, Huangpu District	2054/ 2064	50	53,020	128,177	**181,197**	80
Guangzhou							
Lumina Guangzhou	No. 13 Qiaoguangxi Road and No. 181 Yanjiangxi Road, Yuexiu District	2033/ 2036/ 2056	100	927,725	972,946	**1,900,671**	901
Heng Bao Plaza	No. 133 Bao Hua Road, Liwan District	2040	100	609,550	–	**609,550**	326
Chengdu							
Chengdu ICC	No. 577 Dongda Road, Jinjiang District	2048	30	396,459	296,180	**692,639**	889
Xian							
La Botanica	No. 299 Northern Section of East Chanhe Road, Chanba Biological Zone	2078	50	302,264	–	**302,264**	200
			Total:	**3,793,765**	**8,708,197**	**12,501,962**	**6,787**

* *Including lettable areas at basement.*

Corporate Culture, Business Model and Strategic Direction

Corporate Culture

With a commitment to maintaining rigorous standards of ethics and governance, the Board cultivates and fosters a corporate culture of integrity, growth, care and collaboration across all levels and in all aspects of operations, as befits the Group's core values, as well as in keeping with its overarching G.I.V.E. Sustainability Strategy, which encompasses four primary drivers, namely Green for Planet, Innovation for Future, Value for People and Endeavour for Community.

The Board defines, promotes and oversees such culture by ensuring its alignment and consistency with the Group's business objectives, corporate strategy and future direction. The Group's corporate culture is manifested in and reflected by a broad range of Group-wide policies, practices and procedures, including those relating to audit and compliance, whistleblowing, equal opportunity and diversity, employee welfare and benefits, and corporate social responsibility. Collectively, these established processes shape, sustain and drive the Group's corporate culture.

Business Model

Henderson Land has established a diversified business model which comprises "three pillars" namely, property investment, strategic investments and property development in both Hong Kong and mainland China. The property investment business and strategic investments provide a reliable and growing income source to the Group, while the property development business is a dynamic profit driver.

The Group's property development business in Hong Kong is vertically integrated, enabling the design, development, construction, sales and management of development projects to be executed in an efficient manner. In addition to actively participating in public tenders, the Group also applies a cost effective approach of land banking by acquiring old buildings for redevelopment in the urban areas and converting the land-use of New Territories land in order to obtain development land sites at a reasonable cost. For mainland China projects, the Group continues to co-operate with mainland property developers in jointly developing large-scale residential sites in the first-tier cities as well as the second-tier cities with high growth potential, which are characterised by a preponderance of middle class residents, whilst also expanding its premier portfolio of commercial investment properties in the first-tier cities.

In Hong Kong, the Group's substantial and diverse property investment portfolio mainly comprises offices and shopping arcades in core areas, as well as a number of large-scale shopping malls located in strategic locations above or adjacent to MTR stations. In mainland China, the Group owns exceptionally well designed and quality large-scale commercial complexes situated in prime locations for rental purposes.

As regards strategic investments, the Group is the largest shareholder of two listed companies, namely, The Hong Kong and China Gas Company Limited ("HKCG") and Hong Kong Ferry (Holdings) Company Limited ("HKF"). HKCG is engaged in the production and distribution of gas in Hong Kong and mainland China. HKF is engaged in property development and investment. HKCG, being a public utility company, provides a very substantial income to the Group. As a subsidiary of the Company, Miramar Hotel and Investment Company, Limited ("Miramar"), is engaged in property investment, hotel operation and food and beverage operations.

Strategic Direction

The Group is dedicated to maximising value for shareholders over the long term by executing the following strategies:

Building for a sustainable future with low land costs

The Group actively participates in public tenders. In addition, the Group also replenishes its land bank by acquiring old tenement buildings for redevelopment and applying for land-use conversion for its portfolio of New Territories land. Such dual approach to land banking has proven to be a reliable source of land supply with a reasonable acquisition cost, which is beneficial to the Group's development returns in the long term.

As a sustainable property developer, the Group is highly proactive in its commitment to environmental stewardship during the process of its development activities, and carefully anticipates the needs and concerns of society.

Locating prime sites for property investment with a stable income stream

The Group's property investment portfolio is well diversified with commercial properties situated in prime locations, generating a recurring and steady income stream. Furthermore, the department store business operated by the Group's listed subsidiary – Henderson Investment Limited ("HIL"), mainly at the Group's properties, serve to maximise the value and occupancy rate of the Group's investment properties.

Expanding the mainland China market

Property development and property investment in mainland China provide the Group with a focus for long-term growth. The Group will continue to look for development projects in the first-tier cities, as well as those second-tier cities with high growth potential, so as to expand its land bank. Co-operation with local property developers will be enhanced so as to push forward the property development business. In addition, in the central locations of major cities, the Group will actively seek to acquire prime sites for commercial/office developments for long-term investment holding. The Group will concentrate on the development of Grade-A office buildings with retail malls comprising a smaller percentage of the overall rental portfolio.

Strategic investment for constant return

The listed subsidiaries and associates, namely, HKCG, Miramar, HKF and HIL, provide another steady recurrent income stream to the Group. The distinctive business nature of HKCG, in particular, is a supplement to the Group's core businesses of property development and property investment and allows Henderson Land to smooth out the cyclicality of the Group's property development business.

Conservative financial strategy

The Group employs a conservative funding and treasury strategy. It consistently keeps low to moderate financial gearing ratio, prudent debt maturity profile, abundant unutilised committed banking facilities of medium term in tenor, reasonably low average funding cost, as well as appropriate proportion of fixed rate debt. The Group maintains an excellent ongoing relationship with commercial banks while endeavouring to diversify its funding sources through debt issuance.

Financial Review

Results of operations

The following discussions should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 December 2022.

Revenue and profit

	Revenue			Profit/(loss) contribution from operations		
	Year ended 31 December			Year ended 31 December		
	2022 HK$ million	2021 HK$ million	*Increase %*	**2022 HK$ million**	2021 HK$ million	*Increase/ (Decrease) %*
Reportable segments						
– Property development *(2021: reclassified)*	**14,635**	13,255	*+10%*	**2,928**	5,291	*-45%*
– Property leasing	**6,731**	6,505	*+3%*	**4,834**	4,507	*+7%*
– Department stores and supermarket-cum-stores operations	**1,805**	1,791	*+1%*	**172**	200	*-14%*
– Hotel room operation	**160**	95	*+68%*	**(44)**	(58)	*-24%*
– Other businesses *(2021: reclassified)*	**2,220**	1,881	*+18%*	**(168)**	441	*-138%*
	25,551	23,527	*+9%*	**7,722**	10,381	*-26%*

For the purpose of facilitating management's assessment of the Group's real estate-related financial performance, for the year ended 31 December 2022, the revenue and segment results related to the sale of leasehold land and interest income from mortgage loans advanced by the Group to the property buyers as well as interest income from property development joint ventures have been reclassified from the "*Other businesses*" segment to the "*Property development*" segment. The comparative figures for the corresponding year ended 31 December 2021 have been reclassified accordingly.

	Year ended 31 December		
	2022 HK$ million	2021 HK$ million	*Decrease %*
Profit attributable to equity shareholders of the Company			
– including the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures	**9,239**	13,195	*-30%*
– excluding the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures ("Underlying Profit") *(Note)*	**9,629**	13,624	*-29%*

Note: Underlying profit attributable to equity shareholders of the Company ("Underlying Profit") excludes the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain (net of tax) of investment properties disposed of during the year (which has been included in calculating the net gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the year) of HK$153 million (2021: HK$310 million) was added back in arriving at the Underlying Profit.

Below is the comparison of the Underlying Profits for the years ended 31 December 2022 and 31 December 2021 by excluding certain fair value adjustments for both years, the one-off subsidy received by the Group during the year ended 31 December 2022 and the gain on re-measurement of the Group's previously held interest in a former associate during the corresponding year ended 31 December 2021:

	Year ended 31 December			
	2022	2021	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
Underlying Profit	**9,629**	13,624	*(3,995)*	*-29%*
(Less)/Add:				
(i) Net fair value gain on derivative financial instruments measured at fair value through profit or loss relating to certain interest rate swap contracts, cross currency swap contracts, cross currency interest rate swap contracts and forward exchange forward contracts (net of tax) for which no hedge accounting was applied during the year	**(256)**	(216)	*(40)*	
(ii) Aggregate fair value loss/(gain) on the Group's investments measured as financial assets at fair value through profit or loss, namely, in the listed units of Sunlight Real Estate Investment Trust ("Sunlight REIT") and certain listed securities held by Henderson Investment Limited ("HIL"), a listed subsidiary of the Company	**319**	(173)	*492*	
(iii) One-off subsidy received by the Group from HKSAR Government's COVID-19 Anti-epidemic Fund under the Employment Support Scheme in 2022	**(68)**	–	*(68)*	
(iv) Gain on re-measurement of the Group's previously held interest in Miramar Hotel and Investment Company, Limited ("Miramar") upon obtaining of control on 14 April 2021	**–**	(1,889)	*1,889*	
	9,624	11,346	*(1,722)*	*-15%*

Discussions on the major reportable segments are set out below.

Property development

Gross revenue – subsidiaries and by geographical contribution

The gross revenue from property sales during the years ended 31 December 2022 and 31 December 2021 generated by the Group's subsidiaries, and by geographical contribution, were as follows:

	Year ended 31 December			
	2022	2021	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong *(2021: reclassified)*	**14,119**	11,430	*2,689*	*+24%*
Mainland China	**516**	1,825	*(1,309)*	*-72%*
	14,635	13,255	*1,380*	*+10%*

The gross revenue from property sales in Hong Kong of HK$14,119 million during the year ended 31 December 2022 was mainly contributed from the following residential development projects completed in 2021 and 2022 and the sold units of which were delivered to the buyers during the year ended 31 December 2022:

(i) HK$5,364 million from "The Henley" in Kai Tak Development Area, Kowloon;

(ii) HK$2,622 million from "Aquila • Square Mile" in Mong Kok, Kowloon;

(iii) HK$2,531 million from "One Innovale • Archway" in Fanling North, the New Territories; and

(iv) HK$473 million from "The Upper South" in Ap Lei Chau, Hong Kong Island.

Although the residential projects "The Harmonie", "One Innovale • Bellevue" and "One Innovale • Cabanna" were also completed in November 2022, the sold units of these projects are scheduled for delivery to the buyers in the first half of 2023 and therefore no revenue and profit contributions have been recognised from these projects for the year ended 31 December 2022.

The gross revenue from property sales in mainland China of HK$516 million during the year ended 31 December 2022 was mainly contributed as to HK$414 million from "Riverside Park" in Suzhou, in relation to which the project's Phase 6, Tower 4 was completed and the sold units of which were delivered to the buyers during the year. By comparison, for the corresponding year ended 31 December 2021, gross revenue from property sales of HK$1,825 million was mainly contributed as to HK$491 million from "Emerald Valley" in Nanjing and HK$1,259 million from "Grand Lakeview" in Yixing, both being residential projects of which certain phases were completed during the corresponding year ended 31 December 2021 and the sold units of which were also delivered to the buyers during that year.

Pre-tax profits – by geographical distribution and from subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax profits/(loss) from property sales, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the years ended 31 December 2022 and 31 December 2021, were as follows:

	Year ended 31 December		*Increase/(Decrease)*	
	2022	2021		
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong *(2021: reclassified)*	**3,355**	4,758	*(1,403)*	*-29%*
Mainland China	**2,197**	1,603	*594*	*+37%*
	5,552	6,361	*(809)*	*-13%*

The decrease in the Group's attributable share of pre-tax profits from property sales in Hong Kong during the year ended 31 December 2022 of HK$1,403 million (or 29%) was mainly due to the lower pre-tax profit margin recognised during the year.

The increase in the Group's attributable share of pre-tax profits from property sales in mainland China during the year ended 31 December 2022 of HK$594 million (or 37%) was mainly due to the increase in the Group's attributable share of pre-tax profit contributions from "The Landscape" in Changsha, "La Botanica" in Xian, "Xuheng Huayuan" in Hefei and "Chengdu ICC" in Chengdu (all being projects held by the Group's joint ventures) in the aggregate amount of HK$1,379 million, which was partially offset by the decrease in pre-tax profit contribution from "Grand Lakeview" in Yixing (being a project held by a subsidiary of the Group) in the amount of HK$697 million.

	Year ended 31 December			
	2022	2021	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries *(2021: reclassified)*	**2,858**	5,195	*(2,337)*	*-45%*
Associates	**505**	(96)	*601*	*+626%*
Joint ventures	**2,189**	1,262	*927*	*+73%*
	5,552	6,361	*(809)*	*-13%*

The decrease of HK$2,337 million (or 45%) in the Group's attributable share of pre-tax profits from property sales of the Group's subsidiaries during the year ended 31 December 2022 comprised (i) the year-on-year decrease of HK$1,604 million in relation to property sales of the Group's subsidiaries in Hong Kong, mainly due to the lower pre-tax profit contribution recognised during the year; and (ii) the year-on-year decrease of HK$733 million in relation to property sales of the Group's subsidiaries in mainland China, mainly due to the decrease in pre-tax profit contribution from "Grand Lakeview" in Yixing in the amount of HK$697 million as referred to above.

The increase of HK$601 million (or 626%) in the Group's attributable share of pre-tax profits from property sales of the Group's associates during the year ended 31 December 2022 was mainly due to the Group's attributable share of pre-tax profit contribution of HK$488 million from the project completion of "The Royale Phases 1 to 3" (being a joint venture development project of Hong Kong Ferry (Holdings) Company Limited ("HK Ferry", a listed associate of the Group)) in January 2022.

The increase of HK$927 million (or 73%) in the Group's attributable share of pre-tax profits from property sales of the Group's joint ventures during the year ended 31 December 2022 comprised (i) the year-on-year increase of HK$1,234 million in relation to property sales of the Group's joint ventures in mainland China, mainly due to the increase in the Group's attributable share of pre-tax profit contributions from "The Landscape" in Changsha, "La Botanica" in Xian, "Xuheng Huayuan" in Hefei and "Chengdu ICC" in Chengdu in the aggregate amount of HK$1,379 million as referred to above, and which was partially offset by (ii) the year-on-year decrease of HK$307 million in relation to property sales of the Group's joint ventures in Hong Kong, mainly due to the decrease in the Group's attributable share of pre-tax profit contribution from "Timber House" in the amount of HK$325 million.

Property leasing

Gross revenue – subsidiaries and by geographical contribution

The gross revenue from property leasing during the years ended 31 December 2022 and 31 December 2021 generated by the Group's subsidiaries, and by geographical contribution, were as follows:

	Year ended 31 December		Increase/(Decrease)	
	2022	2021		
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**4,710**	4,462	*248*	*+6%*
Mainland China	**2,021**	2,043	*(22)*	*-1%*
	6,731	6,505	*226*	*+3%*

Pre-tax net rental income – by geographical distribution and from subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax net rental income, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the years ended 31 December 2022 and 31 December 2021, were as follows:

	Year ended 31 December		Increase/(Decrease)	
	2022	2021		
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**4,609**	4,556	*53*	*+1%*
Mainland China	**1,603**	1,626	*(23)*	*-1%*
	6,212	6,182	*30*	*+0.5%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries	**4,492**	4,264	*228*	*+5%*
Associates	**356**	472	*(116)*	*-25%*
Joint ventures	**1,364**	1,446	*(82)*	*-6%*
	6,212	6,182	*30*	*+0.5%*

For Hong Kong, on an overall portfolio basis, there was a year-on-year increase of HK$248 million (or 6%) in rental revenue contribution and a year-on-year increase of HK$53 million (or 1%) in the Group's attributable share of pre-tax net rental income contribution for the year ended 31 December 2022. The increase by 6% in revenue contribution was mainly due to the contribution from Miramar's property leasing revenue for the full year ended 31 December 2022 compared with that during the corresponding year ended 31 December 2021 which only recognised the property leasing revenue contribution during the period from 14 April 2021 (commencing from which date Miramar became an indirect non-wholly owned subsidiary of the Company) to 31 December 2021 (both dates inclusive).

For mainland China, on an overall portfolio basis, there was a year-on-year decrease of HK$22 million (or 1%) in rental revenue contribution and a year-on-year decrease of HK$23 million (or 1%) in the Group's attributable share of pre-tax net rental income contribution for the year ended 31 December 2022. Based on the average exchange rates between the Renminbi ("RMB") and Hong Kong dollars ("HKD") for the two financial years ended 31 December 2022 and 31 December 2021, there was a year-on-year depreciation of RMB against HKD by approximately 2.8% during the year ended 31 December 2022, and excluding the effect of foreign currency translation, there was in RMB terms:

(a) a year-on-year increase in rental revenue of 2% which was mainly attributable to (i) the increased leasing revenue contributions from the twin office towers of "Lumina Guangzhou" in Guangzhou following the increased occupancy during the year; and (ii) the additional leasing revenue contributions from "Lumina Shanghai" Phases 1 and 2 in Shanghai's Xuhui Riverside Development Area which were completed in the first half of 2022;

and

(b) a year-on-year increase in the Group's attributable share of pre-tax net rental income contribution of 1% which was also mainly attributable to the increased contributions from the twin office towers of "Lumina Guangzhou" in Guangzhou as well as "Lumina Shanghai" Phase 2 and "The Roof" in Shanghai.

Furthermore, on the Group's overall portfolio basis covering the pre-tax net rental income contributions from subsidiaries, associates and joint ventures, the year-on-year increase in the contribution from subsidiaries and the year-on-year decrease in the contribution from associates both largely reflected the effect of Miramar which was an associate of the Group during the period from 1 January 2021 to 13 April 2021 (both dates inclusive) but became an indirect non-wholly owned subsidiary of the Company commencing from 14 April 2021. The year-on-year decrease in the contribution from joint ventures was mainly related to The International Finance Centre complex due to lower rents for new lettings and lease renewals amid the COVID-19 pandemic during the year ended 31 December 2022.

Department stores and supermarket-cum-stores operations

Department stores and supermarket-cum-stores operations are carried out by Citistore (Hong Kong) Limited ("Citistore") and Unicorn Stores (HK) Limited ("Unicorn") respectively, both being wholly-owned subsidiaries of HIL. For the year ended 31 December 2022, revenue contribution amounted to HK$1,805 million (2021: HK$1,791 million) which represented a year-on-year increase of HK$14 million, or 1%, over that for the corresponding year ended 31 December 2021. The increase in revenue during the year ended 31 December 2022 was mainly attributable to the additional revenue contribution from the UNY supermarket at Tseung Kwan O (operating under Unicorn) which commenced business operation in November 2021.

Profit contribution (after the elimination of rental expenditure payable by Citistore and Unicorn to the Group, in respect of certain store premises leased by Citistore and Unicorn from the Group for business operation) for the year ended 31 December 2022 decreased by HK$28 million, or 14%, to HK$172 million (2021: HK$200 million). The decrease in profit contribution was mainly attributable to (i) the adverse effect of the COVID-19 pandemic on the operations of HIL (including its subsidiaries, Citistore and Unicorn); (ii) the lower sales from the APITA supermarket-cum-store at Taikoo Shing (operating under Unicorn) due to its phased renovations; and (iii) the operating loss of the UNY supermarket at Tseung Kwan O (operating under Unicorn) which was opened in November 2021 due to the re-alignment of sales mix in its first year of operation.

Hotel room operation

This mainly relates to the sales of hotel rooms by Miramar (a non-wholly owned listed subsidiary of the Company) in respect of The Mira Hong Kong Hotel and Mira Moon Hotel, being the two hotels operated by Miramar in Hong Kong.

During the year ended 31 December 2022, revenue and pre-tax loss amounted to HK$160 million and HK$44 million respectively, representing a year-on-year increase in revenue of HK$65 million (or 68%) and a year-on-year decrease in pre-tax loss of HK$14 million (or 24%) when compared with the revenue of HK$95 million and pre-tax loss of HK$58 million for the corresponding year ended 31 December 2021. The improvement in the revenue and pre-tax results performances during the year ended 31 December 2022 were mainly attributable to (i) the increased patronage from hotel guests for staycation activities; (ii) the increased room sales and guests' long staying as a result of the promotion campaigns launched; and (iii) the increased patronage from foreign travellers following the release of border quarantine measures in September 2022 by the HKSAR Government, as well as the fact that the full year's results were recognised during the year when compared with the corresponding year ended 31 December 2021 during which Miramar's revenue contribution was only recognised for the period from 14 April 2021 to 31 December 2021 (both dates inclusive).

Other businesses

Other businesses mainly comprise hotel management (other than hotel room operation), construction, provision of finance (other than mortgage loans advanced by the Group to the property buyers as well as interest income from property development joint ventures which are classified under the "*Property development*" segment), investment holding, project management, property management, agency services, cleaning and security guard services, as well as travel and food and beverage operations.

Revenue and pre-tax loss from other businesses for the year ended 31 December 2022 amounted to HK$2,220 million and HK$168 million respectively, representing:

(a) an increase of HK$339 million (or 18%) over the revenue contribution of HK$1,881 million for the corresponding year ended 31 December 2021 (which has been restated due to the reclassification of certain figures from the "*Other businesses*" segment to the "*Property development*" segment, as referred to in the section "Revenue and profit" above), which was mainly attributable to the following:

  (i) the increase in revenue contribution of HK$176 million during the year from Miramar's hotel management, travel and food and beverage operations, for the reason that the full year's results were recognised during the year ended 31 December 2022 when compared with that for the corresponding year ended 31 December 2021 during which Miramar's revenue contribution was only recognised for the period from 14 April 2021 to 31 December 2021 (both dates inclusive); and

  (ii) the increase in project management revenue of HK$102 million during the year which was mainly contributed from the Group's project management services for the "The Royale Phases 1 to 3" project (held by HK Ferry) and the Group's joint venture projects engaged in the development of residential properties at Kai Tak Development Area;

  and

(b) a decrease of HK$609 million (or 138%) from the pre-tax profit contribution of HK$441 million for the corresponding year ended 31 December 2021 (which has been restated due to the reclassification of certain figures from the "*Other businesses*" segment to the "*Property development*" segment, as referred to in the section "Revenue and profit" above), which was mainly attributable to the fact that for the year ended 31 December 2022, aggregate fair value loss of HK$319 million was recognised in relation to the Group's investments measured as financial asset at fair value through profit or loss when compared with a fair value gain of HK$173 million for the corresponding year ended 31 December 2021, and which therefore generated a resultant year-on-year increase in fair value loss of HK$492 million to the Group for the year ended 31 December 2022.

Associates

The Group's attributable share of post-tax profits less losses of associates during the year ended 31 December 2022 amounted to HK$2,662 million (2021: HK$2,193 million), representing an increase of HK$469 million, or 21%, over that for the corresponding year ended 31 December 2021. Excluding the Group's attributable share of changes in fair value of investment properties held by the associates (net of deferred taxation) during the year, the Group's attributable share of the underlying post-tax profits less losses of associates for the year ended 31 December 2022 amounted to HK$2,641 million (2021: HK$2,209 million), representing an increase of HK$432 million, or 20%, over that for the corresponding year ended 31 December 2021. Such year-on-year increase in the underlying post-tax profits during the year ended 31 December 2022 was mainly attributable to the increase of HK$415 million in the Group's attributable share of post-tax underlying profit contribution from HK Ferry, mainly due to the increase in the Group's attributable share of post-tax profit contribution from "The Royale Phases 1 to 3" of HK$402 million following the completion of the project in January 2022 and the delivery of the sold units to the buyers during the year.

Joint ventures

The Group's attributable share of post-tax profits less losses of joint ventures during the year ended 31 December 2022 amounted to HK$1,956 million (2021: HK$1,627 million), representing an increase of HK$329 million, or 20%, over that for the corresponding year ended 31 December 2021. Excluding the Group's attributable share of changes in fair value of investment properties held by the joint ventures (net of deferred taxation) during the year, the Group's attributable share of the underlying post-tax profits less losses of joint ventures for the year ended 31 December 2022 amounted to HK$2,152 million (2021: HK$1,756 million), representing an increase of HK$396 million, or 23%, over that for the corresponding year ended 31 December 2021. Such year-on-year increase in the underlying post-tax profits during the year ended 31 December 2022 was mainly due to the aggregate increase of HK$633 million in the Group's attributable share of post-tax profit contributions from the property sales of "La Botanica" in Xian, "Xuheng Huayuan" in Hefei and "The Landscape" in Changsha in mainland China, which was partially offset by the decrease of HK$255 million in the Group's attributable share of post-tax profit contribution from the property sales of "Timber House" in Hong Kong.

Finance costs

Finance costs (comprising interest expense and other borrowing costs) before interest capitalisation for the year ended 31 December 2022 amounted to HK$3,650 million (2021: HK$2,093 million). Finance costs after interest capitalisation for the year ended 31 December 2022 amounted to HK$1,237 million (2021: HK$600 million), and after set-off against the Group's bank interest income of HK$204 million for the year ended 31 December 2022 (2021: HK$109 million), the Group recognised net finance costs in the Group's consolidated statement of profit or loss for the year ended 31 December 2022 in the amount of HK$1,033 million (2021: HK$491 million).

Overall, as referred to in the paragraph headed "Maturity profile and interest cover" below, the Group's total debt amounted to HK$90,381 million at 31 December 2022 (2021: HK$102,915 million) which comprised (i) the Group's bank and other borrowings in Hong Kong in the aggregate amount of HK$87,527 million at 31 December 2022 (2021: HK$99,739 million); and (ii) amounts due from the Group to related companies of HK$2,854 million at 31 December 2022 (2021: HK$3,176 million).

During the year ended 31 December 2022, the Group's overall effective borrowing rate in relation to the bank and other borrowings in Hong Kong was approximately 2.15% per annum (2021: approximately 1.67% per annum).

Revaluation of investment properties and investment properties under development

The Group recognised a decrease in fair value on its investment properties and investment properties under development (before deferred taxation and non-controlling interests) of HK$12 million in the consolidated statement of profit or loss for the year ended 31 December 2022 (2021: an increase in fair value of HK$59 million).

Financial resources and liquidity

Medium Term Note Programme

At 31 December 2022, the aggregate carrying amount of notes guaranteed by the Company and issued under the Group's Medium Term Note Programme established on 30 August 2011 ("MTN Programme") and under which the Company had on 6 May 2022 increased the maximum aggregate principal amount of notes outstanding at any one time from US$5,000 million to US$7,000 million, was HK$27,563 million (2021: HK$25,225 million) with tenures of between two years and twenty years (2021: between nineteen months and twenty years).

During the year ended 31 December 2022, the Group issued guaranteed notes under the MTN Programme denominated in RMB, United States dollars ("USD") and HKD in the aggregate equivalent amount of HK$4,269 million (2021: HK$9,589 million) with tenures of two years (2021: tenures of between two years and six years). Such guaranteed notes issued by the Group serves to finance the Group's capital expenditure requirements as referred to in the paragraph headed "Capital commitments" below. These notes are included in the Group's bank and other borrowings at 31 December 2022 and 31 December 2021 as referred to in the paragraph headed "Maturity profile and interest cover" below. During the year ended 31 December 2022, the Group has repaid certain guaranteed notes in the aggregate principal amount of HK$1,422 million (2021: HK$3,074 million) under the MTN Programme.

Maturity profile and interest cover

The maturity profile of the total debt, the cash and bank balances, the net debt and the gearing ratio of the Group were as follows:

	At 31 December 2022 HK$ million	At 31 December 2021 HK$ million
Bank and other borrowings repayable:		
– Within 1 year	**30,653**	31,784
– After 1 year but within 2 years	**23,568**	21,240
– After 2 years but within 5 years	**19,998**	20,736
– After 5 years	**13,308**	25,979
Amounts due to related companies	**2,854**	3,176
Total debt	**90,381**	102,915
Less: Cash and bank balances	**(11,295)**	(10,947)
Net debt	**79,086**	91,968
Shareholders’ funds	**327,948**	335,020
Gearing ratio (%)	**24.1%**	27.5%

Gearing ratio is calculated based on the net debt and shareholders’ funds of the Group at the end of the reporting period.

At 31 December 2022, the Group’s total debt comprised (i) bank and other borrowings in Hong Kong, being bank loans of HK$59,964 million (2021: HK$74,358 million) and guaranteed notes of HK$27,563 million (2021: HK$25,381 million); and (ii) amounts due to related companies of HK$2,854 million (2021: HK$3,176 million), which in aggregate amounted to HK$90,381 million (2021: HK$102,915 million). The bank and other borrowings in Hong Kong are unsecured and have a weighted average debt maturity profile of approximately 2.68 years (2021: approximately 3.24 years). The amounts due to related companies are unsecured and have a weighted average debt maturity profile of approximately three years (2021: approximately three years).

In addition, at 31 December 2022, there was an amount due from the Group to a fellow subsidiary (being a wholly-owned subsidiary of the ultimate controlling party of the Group) of HK$56,007 million (2021: HK$53,710 million) which was unsecured, interest-bearing and had no fixed repayment terms. The funds advanced from such fellow subsidiary to the Group were used to replace bank loans which arose from the Group’s land acquisitions during the previous year ended 31 December 2021.

At 31 December 2022, after taking into account the effect of swap contracts, 50% (2021: 50%) of the Group’s total debt carried fixed interest rates.

The interest cover of the Group is calculated as follows:

	Year ended 31 December	
	2022 **HK$ million**	2021 HK$ million
Profit from operations (including bank interest income and the cumulative fair value change (net of tax) of investment properties disposed of during the year, but before changes in fair value of investment properties and investment properties under development for the year) plus the Group's share of the underlying profits less losses of associates and joint ventures	**12,355**	16,374
Interest expense (before interest capitalisation)	**3,483**	1,968
Interest cover (times)	**4**	8

The decrease in the Group's interest cover for the year ended 31 December 2022 was due to the following:

(a) the decrease in the Group's profit from operations of HK$4,019 million (referred to above), which in turn was mainly attributable to the decrease in profit recognition from property development during the year, as well as (i) the aggregate fair value loss of HK$319 million on the Group's investments measured as financial assets at fair value through profit or loss during the year (2021: net fair value gain of HK$173 million); and (ii) the non-recurrence during the year of the one-off gain on re-measurement of the Group's previously held interest in Miramar upon obtaining of control in the amount of HK$1,889 million which was recognised during the corresponding year ended 31 December 2021, in which case both the aforementioned items (i) and (ii) above have the effect of a year-on-year reduction in the Group's profit from operations by an aggregate amount of HK$2,381 million for the year ended 31 December 2022; and

(b) the interest rate hike during the year ended 31 December 2022, with the Group's overall effective borrowing rate in relation to the bank and other borrowings in Hong Kong having increased from approximately 1.67% per annum during the corresponding year ended 31 December 2021 to approximately 2.15% per annum during the year ended 31 December 2022 (as referred to in the paragraph headed "Finance costs" above), which therefore increased the amount of interest expense (before interest capitalisation) for the year ended 31 December 2022.

With abundant banking facilities in place and the recurrent income generated from its operations, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group is exposed to interest rate and foreign exchange risks. To efficiently and effectively manage these risks, the Group's financing and treasury activities are centrally co-ordinated at the corporate level. As a matter of policy, all transactions in derivative financial instruments are undertaken solely for risk management purposes and no derivative financial instruments were held by the Group at the end of the reporting period for speculative purposes.

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure at 31 December 2022 arose from its property developments and investments in mainland China which were denominated in RMB, the guaranteed notes ("Notes") which were denominated in USD, RMB and Japanese Yen ("¥") and the bank borrowings which were denominated in ¥ and RMB at 31 December 2022.

In respect of the Group's operations in mainland China, apart from its capital contributions and, in some cases, loan contributions to projects which are denominated in RMB and are not hedged, the Group endeavours to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB. In respect of the Notes and bank borrowings at each of 31 December 2022 and 31 December 2021, hedging arrangements had been made by the Group with certain counterparty banks which comprised (i) interest rate swap contracts; (ii) a cross currency swap contract (2021: Nil); (iii) cross currency interest rate swap contracts; and (iv) foreign exchange forward contracts to hedge against interest rate risk and foreign currency risk during their tenure. Based on the abovementioned swap contracts, the aggregate amount of the Notes and bank borrowings which were hedged against the interest rate risk only, the foreign currency risk only and both the interest rate risk and foreign currency risk, was HK$29,242 million at 31 December 2022 (2021: HK$34,031 million) which represented 32% of the Group's total debt at 31 December 2022 (2021: 33%).

Material acquisitions and disposals

Material acquisitions

The Group did not undertake any significant acquisitions of subsidiaries or assets during the year ended 31 December 2022.

Material disposals

Hong Kong

On 7 February 2022, the Group entered into a shareholders' agreement with Brilliant Choice Group Limited ("Brilliant Choice", a wholly-owned subsidiary of Empire Development Hong Kong (BVI) Limited) and Lucida Enterprises Limited ("Lucida", a wholly-owned subsidiary of Hysan Development Company Limited), pursuant to which each of Brilliant Choice and Lucida (i) subscribed for one share in the capital of a wholly-owned subsidiary of the Company (the "Developer") which is engaged in the development of a site owned by the Urban Renewal Authority at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong, representing 25% of the Developer's enlarged issued share capital after the share subscription; and (ii) acquired 25% of the shareholders' loans owing by the Developer to the Group. The aforementioned transactions were completed on 24 February 2022, as a result of which (i) the Group received net cash proceeds from Brilliant Choice and Lucida in the aggregate amount of HK$4,126 million; and (ii) the Developer became a joint venture of the Group and in which the Group has a 50% equity interest.

Save as aforementioned, the Group did not undertake any other significant disposals of assets or subsidiaries during the year ended 31 December 2022.

Charge on assets

The assets of the Group's subsidiaries were not charged to any party at 31 December 2022 and 31 December 2021.

Capital commitments

At 31 December 2022, capital commitments of the Group amounted to HK$17,942 million (2021: HK$28,133 million). In addition, the Group's attributable share of capital commitments undertaken by joint ventures and certain associates at 31 December 2022 amounted to HK$11,291 million (2021: HK$12,965 million).

The Group plans to finance its capital expenditure requirements for the year ending 31 December 2023 by way of the Group's own internally generated cash flow, bank deposits, banking facilities and funds raised and to be raised from the capital market.

Contingent liabilities

At 31 December 2022, the Group's contingent liabilities amounted to HK$13,987 million (2021: HK$11,187 million) which mainly included:

(i) an aggregate attributable amount of HK$2,277 million (2021: HK$1,164 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's projects held by subsidiaries and joint ventures, the increase of which was mainly attributable to the Group's guarantees to certain banks in relation to the finance undertakings by such banks in favour of the HKSAR Government for the completion of the Group's residential development projects at Kai Tak Development Area and Fanling North, both in Hong Kong, under the terms and conditions of the relevant land grants;

(ii) an amount of HK$1,604 million (2021: HK$1,558 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 31 December 2022 (and such guarantees will be released upon the issuance of the Building Ownership Certificate);

(iii) amounts of HK$1,670 million (2021: HK$1,670 million), HK$2,100 million (2021: HK$2,100 million), HK$1,314 million (2021: HK$1,314 million) and HK$2,940 million (2021: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees given by the Group to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities entered into on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures; and

(iv) an amount of up to HK$1,638 million (2021: Nil) relating to the Group's attributable and proportional share (in accordance with the Group's attributable interest in the Developer as defined in and referred to in the paragraph "Material disposals" above and in which the Group has 50% equity interest) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to the lending bank in relation to the repayment obligations for up to 50% of the maximum amount which may be drawn down by the Developer on a loan facility of up to HK$3,276 million entered into on 25 July 2022 between such lending bank and the Developer and which partially refinanced the previous shareholders' loans of the Developer.

Employees and remuneration policy

At 31 December 2022, the Group had 9,950 (2021: 10,059) full-time employees. The remuneration of the employees is in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme, training programmes and education subsidies.

Total staff costs for the year ended 31 December 2022 amounted to HK$3,254 million (2021: HK$3,003 million), representing a year-on-year increase of HK$251 million, or 8%, which was mainly due to (i) the increase of Miramar's staff costs in the amount of HK$150 million for the reason that the full year's staff costs of Miramar have been included when compared with that for the period from 14 April 2021 to 31 December 2021 (both dates inclusive) during the corresponding year ended 31 December 2021; (ii) the inclusion of a provision on long service payment liabilities to the Group's qualifying employees in the amount of HK$42 million following the enactment of the Employment and Retirement Schemes Legislation (Offsetting Arrangement)(Amendment) Ordinance 2022 in June 2022; and (iii) general staff salary increment in 2022 and staff bonuses awarded in 2021.

Five Year Financial Summary

		Year ended 31 December				
	Note	2018 HK$ million	2019 HK$ million	2020 HK$ million	2021 HK$ million	2022 HK$ million
Profit for the year	*1*	31,157	16,994	10,192	13,195	**9,239**
Underlying Profit for the year	*1&2*	19,765	14,640	14,899	13,624	**9,629**
		HK$	HK$	HK$	HK$	HK$
Earnings per share	*1*	6.44	3.51	2.11	2.73	**1.91**
Underlying earnings per share	*1&2*	4.08	3.02	3.08	2.81	**1.99**
Dividends per share	*1*	1.80	1.80	1.80	1.80	**1.80**

		At 31 December				
	Note	2018 (restated) HK$ million	2019 (restated) HK$ million	2020 (restated) HK$ million	2021 HK$ million	2022 HK$ million
Investment properties		176,717	182,963	186,593	260,241	**260,124**
Other property, plant and equipment		370	389	400	4,599	**4,580**
Interest in associates		62,059	63,171	64,838	53,955	**50,013**
Interest in joint ventures		53,011	65,230	70,043	80,887	**79,911**
Inventories		97,177	100,495	101,059	109,180	**97,258**
Net debt	*3*	69,023~	80,918~	83,749~	91,968	**79,086**
Net asset value	*1*	313,153	320,851	327,607	335,020	**327,948**
Net debt to net asset value		22.0%~	25.2%~	25.6%~	27.5%	**24.1%**
		HK$	HK$	HK$	HK$	HK$
Net asset value per share	*1&4*	64.69	66.28	67.67	69.20	**67.74**

~ *Restated as a result of the change in the presentation basis of Net debt as referred to in note 3 below.*

Notes:

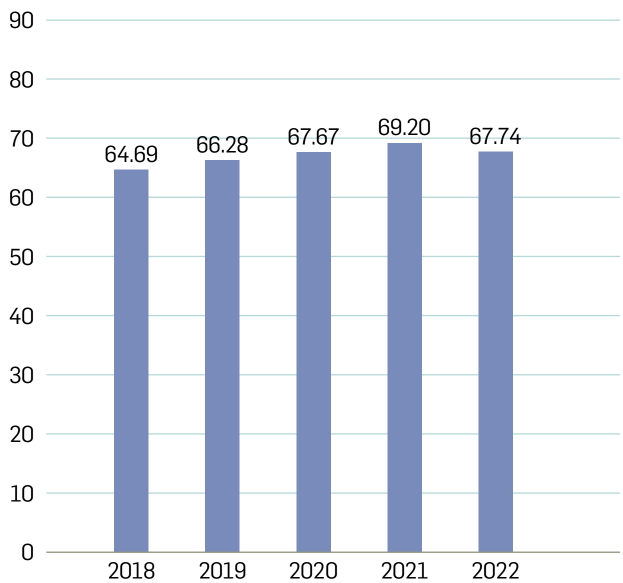
1 *The profits, earnings, dividends and net asset values shown or referred to above were all attributable to equity shareholders of the Company.*

2 *"Underlying Profit" and "Underlying earnings per share" exclude the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain (net of tax) of investment properties disposed of during the year (which has been included in calculating the net gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the year) was added back in arriving at the Underlying Profit.*

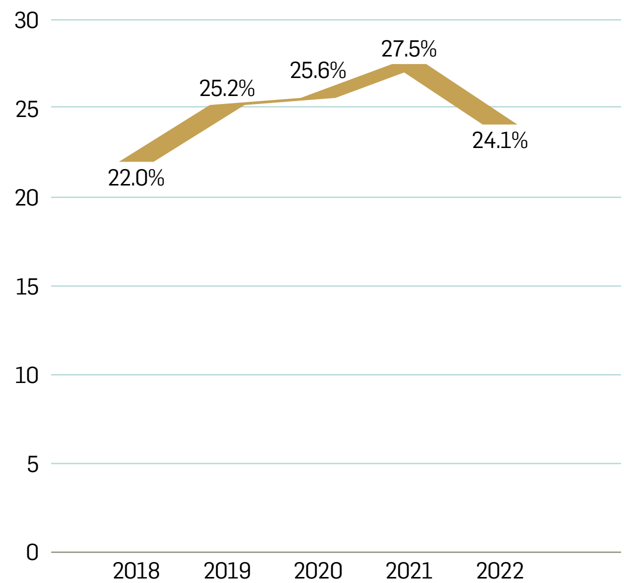
3 *Net debt represents the total of bank loans, guaranteed notes and the amounts due to related companies minus cash and bank balances.*

4 *The net asset value per share at 31 December 2018 was calculated based on the number of issued shares outstanding at 31 December 2018 and as adjusted for the bonus issue effected in 2019.*

Net asset value per share (HK$)

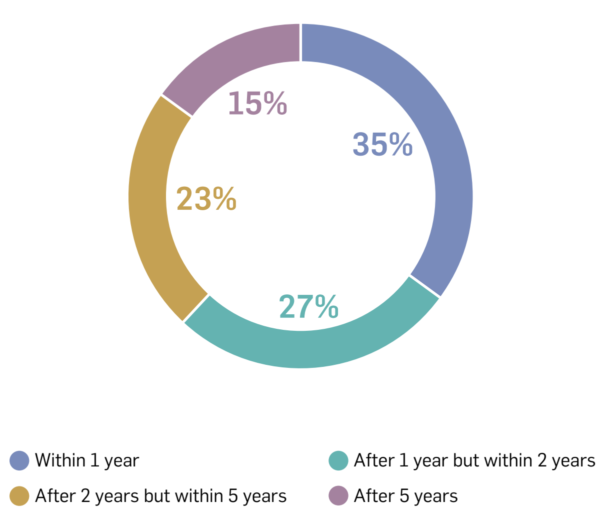


Net debt to net asset value (%)



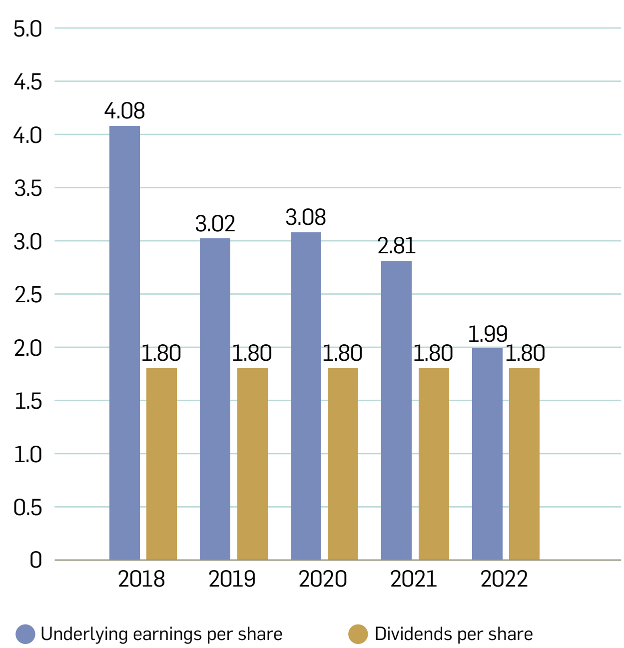
Maturity profile of the Group's bank and other borrowings repayable[note 1]

at 31 December 2022



Note 1: Excluding the amounts due to related companies.

Underlying earnings / dividends per share (HK$)



Sustainability

Sustainability

About This Section

This section is an overview of the Sustainability Report 2022 (“the Report”) of Henderson Land Development Company Limited (“Henderson Land” or together with its subsidiaries, “the Group”) and covers the period from 1 January 2022 to 31 December 2022. Our sustainability reports are published online on an annual basis.

Reporting boundary

The Report[1] provides descriptions and key statistics of the Group’s sustainability performance and progress during the year focusing on our headquarters at Two International Finance Centre and AIA Tower, and our subsidiaries, namely E Man Construction Company Limited[2] (“E Man”), Goodwill Management Limited[3] (“Goodwill”), Well Born Real Estate Management Limited (“Well Born”) and Hang Yick Properties Management Limited (“Hang Yick”)[4], Shanghai Starplus Property Management Company Limited[5] (“Starplus”), Henderson Investment Limited[6] (“HIL”) and Miramar Hotel and Investment Company, Limited[7] (“Miramar Group”) as well as selected properties of the Group in Hong Kong and mainland China. The selected in-scope entities are those whose activities the Group has the most impact and operational control over.

We conducted a stakeholder engagement exercise to identify the material topics included in the Report. For details of our stakeholder engagement exercise, see section “Our Materiality Approach”.

Reporting standards

The Report has been prepared in accordance with the latest Global Reporting Initiative (“GRI”) Standards 2021 and complies with the mandatory disclosure requirements and “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide issued by Hong Kong Exchanges and Clearing Limited (“HKEX”). Information in the Report has been verified by a third-party with respect to the aforementioned standards, please refer to the section “Independent Limited Assurance Report” for more information.

During the reporting period, there were no non-compliance incidents or grievances about environmental protection, employment practices, health and safety, labour standards, human rights, product responsibility and anti-corruption that would have a significant impact on the Group.

Contact information

If you would like a copy of the Report or wish to provide any comments or suggestions, please contact us at corpcomm@hld.com. The e-copy of the Report is available at https://sustainability.hld.com/en/reports-publications.

Note 1: While the Group’s associates listed in Hong Kong do not fall into the scope of this Report, their properties managed by Goodwill Management Limited are covered in the Report.

Note 2: E Man Construction Company Limited is responsible for managing the Group’s construction sites.

Note 3: Goodwill Management Limited is responsible for managing the Group’s commercial properties.

Note 4: Well Born Real Estate Management Limited and Hang Yick Properties Management Limited are responsible for managing residential and industrial / commercial properties.

Note 5: Shanghai Starplus Property Management Company Limited specialises in offering premium management services for the Group’s commercial properties in mainland China.

Note 6: Henderson Investment Limited manages two wholly owned subsidiaries for its retail business.

Note 7: Miramar Hotel and Investment Company, Limited manages the Group’s hospitality and catering businesses.

Our Sustainability Strategy and Highlights

2030 Sustainability Vision

Our 2030 Sustainability Vision has four primary drivers: Green for Planet, Innovation for Future, Value for People and Endeavour for Community, which align with our commitments to the United Nations ("UN") Sustainable Development Goals (SDGs). We have identified key areas that we intend to focus our efforts on and maximise our

G GREEN FOR PLANET

7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Building a Green Portfolio

Reducing our impact on the environment

Focus areas:

Climate Resilience: Adopt smart and climate-resilient building designs to enhance the adaptability of properties to the adverse effects of climate change

Environmental Impact: Reduce the environmental impact and carbon footprint of our business model

Highlights:

- Committed to **setting near-term company-wide emission reductions** in line with climate science with the SBTi to support the Paris Agreement
- Received **Business Leadership in Sustainability Award** at the **Asia Pacific Leadership in Green Building Awards 2022**, organised by the World Green Building Council ("WorldGBC")
- Received **Pioneer Award of Green Building Leadership (Developer)** at **Hong Kong Green Building Award 2021**, co-organised by Hong Kong Green Building Council ("HKGBC") and Professional Green Building Council ("PGBC")
- Completed the **first carbon credit transaction** on HKEX's Core Climate marketplace
- World Financial Centre in Beijing has achieved **Parksmart Pioneer certification**
- Henderson Metropolitan in Shanghai has achieved **Total Resource Use & Efficiency (TRUE) Platinum certification**
- Adopted **Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP)** method in construction works
- Cumulatively achieved **63** BEAM Plus, **19** BEAM, **16** LEED, **10** China Green Building Design Labels and **1** China Green Building Label

I INNOVATION FOR FUTURE

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES

Shaping a Smarter Future

Creating a smart built environment enabled by innovation and technology

Focus areas:

Technology Innovation: Create new ways of living and working with technology

Social Innovation: Innovate to better serve our stakeholders and enhance living quality

Highlights:

- Established the **industry-first ESG Partnership Programme**, a tri-party collaboration empowering tenants and their employees to strive towards sustainability goals at The Henderson
- The Henderson was awarded **WiredScore** and **SmartScore platinum certifications**, making it among the **first** commercial projects in **Hong Kong** to have attained such certifications
- **Kong Ha Wai transitional housing project** was completed in late 2022, and **Kam Tin transitional housing project** commenced in August 2022
- Received both **Global** and **Hong Kong Most Innovative Knowledge Enterprise Award** for two consecutive years
- Patented a new feature, **Air Quality Enhancing and Conditioning System - Liquid Desiccant Cooling** to improve air quality while saving more than 20% energy usage
- Refreshed the surrounding neighbourhoods of our development projects by incorporating elements of **sustainable urban mobility**, e.g. Baker Circle

impact by 2030 for each driver. To work towards our sustainability goals for a better future, we set specific targets in these key areas and have regularly reviewed our progress towards achieving them since then. Please refer to the Report for more information on our sustainability targets and progresses.

V — VALUE FOR PEOPLE

3 GOOD HEALTH AND WELL-BEING · 8 DECENT WORK AND ECONOMIC GROWTH

Creating a Caring Culture

Being a caring employer who looks after our people and our partners

Focus areas:

Health and Wellness: Ensure the health and well-being of stakeholders through our building designs, operations and services

Our People, Partners and Customers: Actively engage with our people, partners and customers to address their needs

Highlights:

- Continue to **outperform the industry** with **< 7** per 1,000 workers **accident frequency rate**
- Act as **sustainability advocates** and **empower the community** through a series of thought leadership and sustainability sharing
- Became the **first batch of "OSH Strategic Partners"** of Occupational Safety and Health Council to demonstrate our commitment in fostering a safety-first culture
- **Rolled out a series of measures** to support our employees in both Hong Kong and mainland China during the COVID-19 pandemic
- One Innovale was the **first** residential development in **Hong Kong** to obtain **China Healthy Building Design Label (2021 version) Platinum Rating**
- Cumulatively achieved **13** WELL and **4** China Healthy Building Design Labels

E — ENDEAVOUR FOR COMMUNITY

8 DECENT WORK AND ECONOMIC GROWTH · 11 SUSTAINABLE CITIES AND COMMUNITIES

Establishing a Living Community

Providing a more liveable environment that enhances well-being and quality of life

Focus areas:

Sustainable Community and Liveable Community: Enhance the living standards and proactively address stakeholders' needs

Highlights:

- Pledged full support for the HKSAR Government's **Strive and Rise Programme** by contributing a total of **HK$25 million** through the Lee Shau Kee Foundation, nominating about 280 Programme mentors and providing a series of group activities to help underprivileged students strive for upward mobility
- Offered **4 separate land plots** occupying a combined **total of 1.25 million square feet** to facilitate the Government's implementation of anti-epidemic measures, and donated **HK$20 million** worth of anti-epidemic supplies through the Henderson Development Anti-Epidemic Fund
- Supported the **Hong Kong Volunteer Award** as a **Gold Sponsor**, a territory-wide scheme co-organised by the Home and Youth Affairs Bureau and the Agency for Volunteer Service ("AVS")
- The Lee Shau Kee Foundation donated **HK$7.2 million** to the University of Hong Kong ("HKU") for the establishment of the **"HKU Lee Shau Kee Top Athletes Scholarship"**
- Concluded **an industry-first HK$100 million bilateral social loan** with China Construction Bank (Asia) Corporation Limited ("CCB(Asia)")
- Cumulatively secured over **HK$47 billion** Green and Sustainability-linked Financing
- Supported **Food Made Good Hong Kong Awards** as the **lead sponsor** for the third consecutive year

Science-based target committment

In 2022, the Group committed to the Science Based Targets initiative ("SBTi") by setting emissions reduction targets grounded in climate science to support the Paris Agreement[8] and will strive to work towards the global goal of limiting global warming to 1.5°C above pre-industrial levels.

The SBTi is a collaborative effort by the United Nations Global Compact ("UNGC"), the World Resources Institute ("WRI"), Carbon Disclosure Project ("CDP") and the World Wide Fund for Nature ("WWF"), seeking to provide a framework for businesses to participate in science-based target setting consistent with the Paris Agreement.

In an effort to combat climate change, the Group has pledged to set Scope 1, 2 and 3 reduction targets on greenhouse gas emissions, echoing its 2030 Sustainability Vision. When developing the reduction targets, the Group will conduct a comprehensive review of its major properties and construction activities in Hong Kong and mainland China, and will continue to work closely with its stakeholders across the value chain. By tackling the materials, building services systems and construction methods of its construction projects, the Group strives to reduce carbon emissions throughout a building's life cycle, while implementing a low-carbon operational model by optimising energy management at different levels of the business, thereby promoting renewable energy and improving waste management.

Our Corporate Governance

Governance structure

The Group's corporate governance structure is purposeful and robust, which enables an effective flow of information throughout the Group, between management, functions and business units.

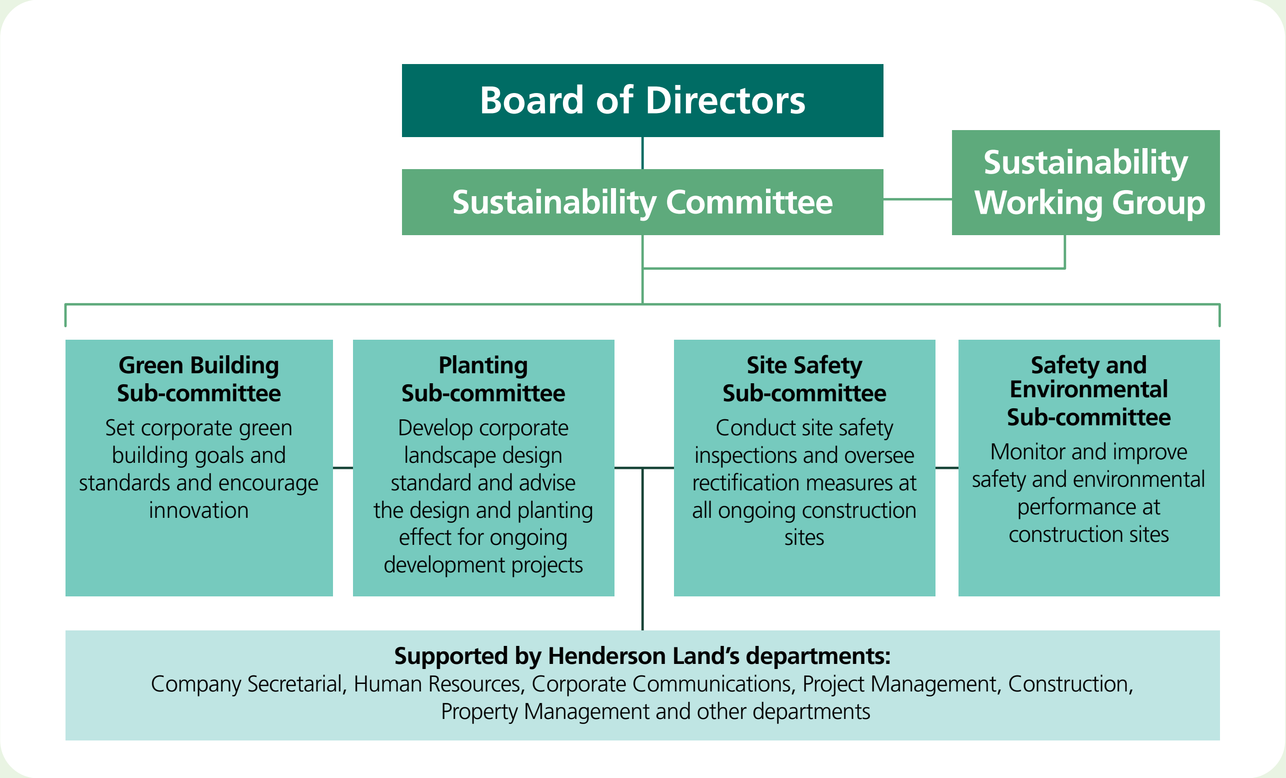
The Board is actively engaged in formulating and implementing our sustainability strategy and policies, as well as overseeing our risk management by ensuring that appropriate and effective ESG risk management and internal control systems are in place to address the ESG-related risks ("ESG risks"), including climate-related risks. The Board also reviews and approves the Sustainability Report, including ESG-related strategy and progress made against ESG goals and targets on an annual basis. Furthermore, the Board has delegated the Sustainability Committee to support in evaluating, prioritising and managing the Group's material ESG issues.

The Sustainability Committee is chaired by the Group's Chairman, Dr Lee Ka Shing, Martin and comprises several directors and department heads. Its primary role is to manage Henderson Land's overall approach to sustainability, including overseeing the identification of material ESG issues, developing the Group's sustainability strategy and policies, and regularly evaluating the Group's sustainability performance and progress made against sustainability targets. The Sustainability Committee reports relevant issues to the Board, and updates the Board on the Group's sustainability- and climate-related issues regularly.

Note 8: The Paris Agreement aims at keeping the rise in global temperature to well below 2°C above pre-industrial levels and at pursuing efforts to further limit global warming to 1.5°C.

Supporting internal engagement to communicate sustainability strategy and targets to all departments, our Sustainability Working Group comprises dedicated team members who serve as sustainability champions and ambassadors to lead the planning, execution and evaluation of the sustainability initiatives. The Sustainability Working Group facilitates corporate-wide communication on different ESG matters and shares ESG knowledge and trends among internal stakeholders who support our sustainability strategy.

Additionally, there are four functional sub-committees focusing on particular ESG areas to ensure the effective implementation of ESG-related policies and initiatives. With sustainability being embedded in our day-to-day activities, departments are involved in the execution and delivery of sustainability initiatives.



Policies

Henderson Land's commitment to operating responsibly has taken the Group above and beyond minimum regulatory requirements for workplace quality, environmental protection, operating practices and community investment, as reflected in the Group's policies related to different sustainability subject matter. The Group regularly reviews and updates the policies as appropriate to reflect our approach to ever-changing external factors and community needs. In addition, we have established a new Supplier Code of Conduct Policy, as well as enhancing different key policies across the environmental and social aspects.

The Board has approved the following key policies that articulate and define important principles and values of the Group:

Environmental

- Biodiversity Policy REVISED
- Climate Change Policy
- Corporate Social Responsibility Policy
- Environmental Policy REVISED
- Sustainable Procurement Policy REVISED

Social

- Anti-Corruption and Bribery Policy
- Anti-Discrimination Policy
- Business Ethics and Code of Business Conduct Policy REVISED
- Customer Services Code of Conduct Policy
- Director and Employee Remuneration Policy
- Health and Safety Policy REVISED
- Human Rights and Equal Employment Opportunity Policy REVISED
- Supplier Code of Conduct Policy NEW

Governance

- Anti-Money Laundering and Counter-Terrorist Financing Policy
- Board Diversity Policy
- Dividend Policy
- Inside Information Policy
- Nomination Policy
- Risk Management Policy
- Shareholders Communication Policy

Risk management

Each department is tasked to identify its own risks and design, implement and monitor relevant risk management and internal control systems, whilst the Board reviews and discusses material operational risks at regular intervals. ESG risks are also monitored regularly to ensure they are duly considered as part of the Group's business decision-making.

To address increasing investor interest in ESG risks, we assessed and included the disclosure of climate-related risks and opportunities in the Sustainability Report.

Cybersecurity

As part of our risk management framework, the Audit Committee receives relevant updates on cybersecurity issues from the Audit and Information Technology (IT) Departments, which are accountable for conducting annual internal audits on cybersecurity, including customer privacy data with rectifying actions being implemented afterwards. An Incident Response Management Guideline is also in place to provide instructions on determining and dealing with potential cybersecurity incidents, as well as minimising the damage incurred by a cyberattack. In 2022, we also provided cybersecurity awareness training, data awareness training and webinars to introduce our Data Governance and Management (DGM) Policy and to raise awareness on cybersecurity amongst our staff.

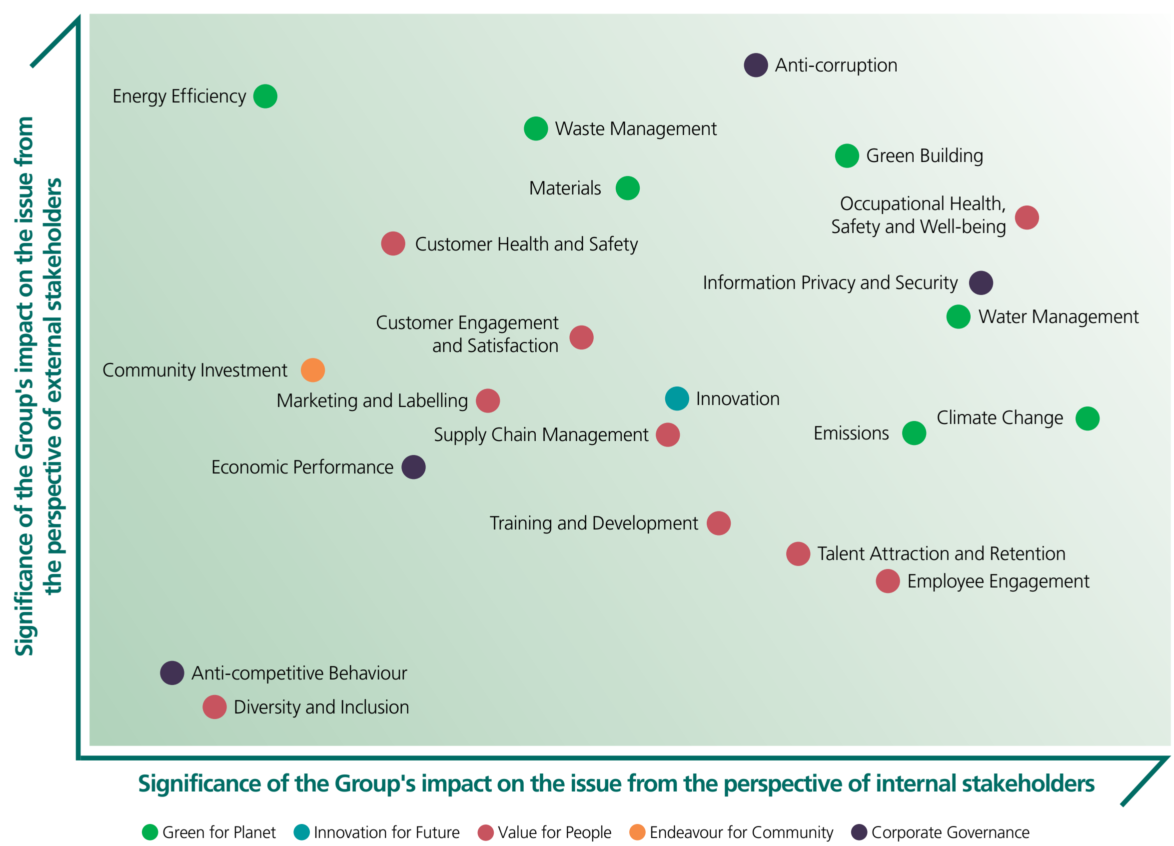
In order to identify potential gaps in our information security system as well as to ensure our systems are up-to-date with current cybersecurity trends, between 2021 and 2022, we engaged an external consultant to conduct assessments on the Group's cybersecurity governance. The IT Department worked with the consultant to define group-level DGM policies and guidelines to uplift the Group's data protection measures. This refined policy is established with reference to international data security and information security standards. The results of the assessment also shows that our existing cybersecurity controls are aligned with the National Institute of Standards and Technology ("NIST") Cybersecurity Framework.

We have also established a Data Security Committee comprising managers from the IT Department, which is responsible for enforcing and adopting the DGM Policy on newly introduced systems. As well as ensuring adherence to applicable laws and regulations, the Committee is also responsible for addressing data protection-related issues by routinely identifying, monitoring and mitigating data security risks.

Our Materiality Approach

The Group recognises the importance of acknowledging stakeholders' expectations in order to develop our overall approach to sustainability. Therefore, we review and update our list of material topics every year based on internal and external stakeholder perspectives.

Compared to 2021, the updated materiality matrix reflects the shifting focus of sustainability on our business and the real estate industry. "Anti-corruption" has shifted to become the top material sustainability topic of external stakeholders, reflecting the external stakeholders' growing expectation on the Group's measures towards anti-corruption. In line with a global focus on climate change, topics such as "Emissions", "Waste Management" and "Materials" were also observed as becoming more material, reflecting the Group's significant impact in these areas. "Information Privacy and Security" also appeared to be pertinent to the Group, potentially due to the growing reliance on the use of mobile applications and IT systems in our business operations. Subsequently, we have enhanced the Group's cybersecurity by rolling out various implementation plans.



More information on how we have addressed each material topic can be found in the respective sections of the Report.

Green for Planet

The Group aspires to build a green portfolio by reducing our impact on the environment.

"Green for Planet" compels our business to support the SDGs throughout our sphere of influence: to combat climate change whilst ensuring sustainable consumption and production patterns.

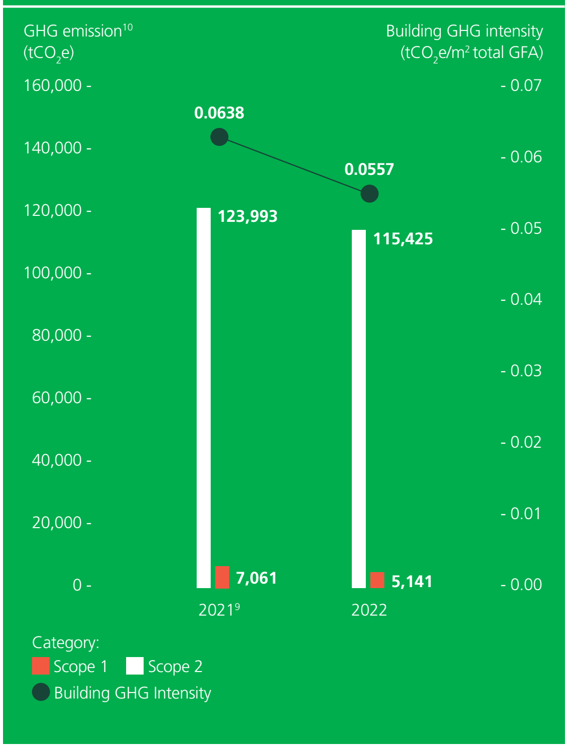
To demonstrate the Group's devotion in addressing climate change, the Group is committed to conducting an ongoing assessment and disclosure of climate risks as per Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, as well as to set near-term science-based targets as part of the Group's decarbonisation journey, with the aim to reduce carbon emissions to a level that is in line with the Paris Agreement. In addition, the Group collaborated with various parties during the year to fight climate change. For instance, the Group has become the steering committee under The Asian Corporate Coalition for Climate Change Resilience ("A4CR") as well as the steering committee of Business Environment Council ("BEC") Climate Change Business Forum Advisory Group. The Group is also one of the ordinary members of the BEC Sustainable Living Environment Advisory Group. These alliances and memberships play an integral part in driving forward climate change mitigation, adaptation and resilience.

As a further step to support the global transition to net zero for a more sustainable future, Henderson Land was among one of the first corporate users to complete a carbon credit transaction on HKEX's Core Climate Platform. We purchased a batch of high-quality voluntary carbon credits that were generated from a wind energy project in mainland China and certified by the Verified Carbon Standard (VCS) by Verra, an international standard setter. This marked Henderson Land's first transaction of voluntary carbon credits and is an important milestone in the Group's efforts to promote a low-carbon economy in Hong Kong.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

As one of the leaders in the real estate industry and the city's pioneers in sustainable development, the Group proactively incorporates innovation, environmental, health and wellness considerations into building developments. We endeavour to incorporate sustainable features in our design and operations, covering areas such as energy efficiency and emissions reduction, material use, waste management, water conservation and management. Our work in this area is widely-recognised by local and international communities through the numerous awards that we have received.

GHG Emissions
at our Headquarters, Construction Sites, Managed Properties and Subsidiaries



Energy Consumption
at our Headquarters, Construction Sites, Managed Properties and Subsidiaries

Note 9: As we expanded the data scope of GHG emissions, energy consumption and water consumption to cover construction sites of our own construction subsidiaries in Hong Kong, HIL and Miramar Group in 2022 and 2021, we have adjusted the overall Group-level data in 2021 to reflect this accordingly.

Note 10: In 2022, we have updated our approach of calculating our Scope 1 GHG emissions to include emission generated from purchasing refrigerants. Adhering to the reporting principles of 'consistency', we adjusted our calculation for 2021 to align with that in 2022 and allow for meaningful comparison of data over time.

The Group achieved another milestone during 2022 as the winner of the prestigious Business Leadership in Sustainability Award at the Asia Pacific Leadership in Green Building Awards 2022, organised by WorldGBC. Locally, the Group achieved the industry's top honour – Pioneer Award of Green Building Leadership (Developer) and the Grand Award (New Buildings Category: Projects Under Construction and/or Design – Commercial) for our flagship project, The Henderson, at the biennial Green Building Award 2021 jointly organised by HKGBC and PGBC, recognising the Group's outstanding sustainability achievements amongst industry peers. These recognition are once again an affirmation of the Group's leadership and excellence in advancing sustainable development locally and regionally.

The award presentation ceremony of the Asia Pacific Leadership in Green Building Awards 2022 was held in Bali, Indonesia

Sustainability

Please refer to the Report for more information, particularly case studies relating to Green for Planet:

- Our Green Building Showcases
- Mi Go Green Platform by Miramar Group to Achieve Circular Economy
- Engaging our Residents in the Plastic Christmas Tree Programme

World Financial Centre, Beijing

Innovation for Future

Henderson Land has always sought to innovate to the way we design, build and operate by implementing new solutions and technologies that create a quality and smart living environment for users, tenants and residents alike.

"Innovation for Future" encompasses the Group's dedication and corresponding actions to innovate and develop a more sustainable community throughout the Group's extensive sphere of influence.

We pledge to create impactful changes and solve problems in society by adopting advanced technologies and social innovation.

Innovation	Our approach	Highlights
Technology innovations	Technology and smart solutions are key to realising the Group's sustainability vision, helping us to minimise its environmental footprint and better engaging with people and partners. By introducing different Property Technologies into our operational processes and products, the Group strives to optimise efficiency and performance along its value chain from construction to sales and property management, as well as to provide a seamless experience for its customers	• Industry-first ESG Partnership Programme at The Henderson, which leverages technologies including ESG Behaviour Tracking, ESG Data Collection, Data Management and Analysis • Smart living and automation features at residential properties • Obtained patents to be applied under the Group's development project, including Air Quality Enhancing and Conditioning System – Liquid Desiccant Cooling, Solar Responsive Ventilator, Lift Sterilisation Pod and Depuration Porch • Leveraging Augmented Reality (AR) technology in advertisement and promotion programme • Design for Manufacture and Assembly (DfMA)

The Henderson, Hong Kong (artist's impression) by Zaha Hadid Architects for Henderson Land
Render by MIR

Depuration Porch (stock photography)

Smart Disinfection Wardrobe (stock photography)

Innovation	Our approach	Highlights
Social innovations	As one of the city's leading property developers, the Group has further solidified its status as an innovator in transitional housing projects and urban renewal, and proactively addresses the demand for quality housing in the city through collective efforts with external partners. The Group focuses on creating sustainable neighbourhoods through key social innovation projects. We constantly challenge existing conventions in property development and innovate how we design, build and redevelop urban areas while engaging with stakeholders to enhance residents' quality of living	• Transitional housing projects in Kong Ha Wai, Kam Tin and Ngau Tam Mei South • Baker Circle • Caine Hill

Please refer to the Report for more information, particularly case studies relating to Innovation for Future:

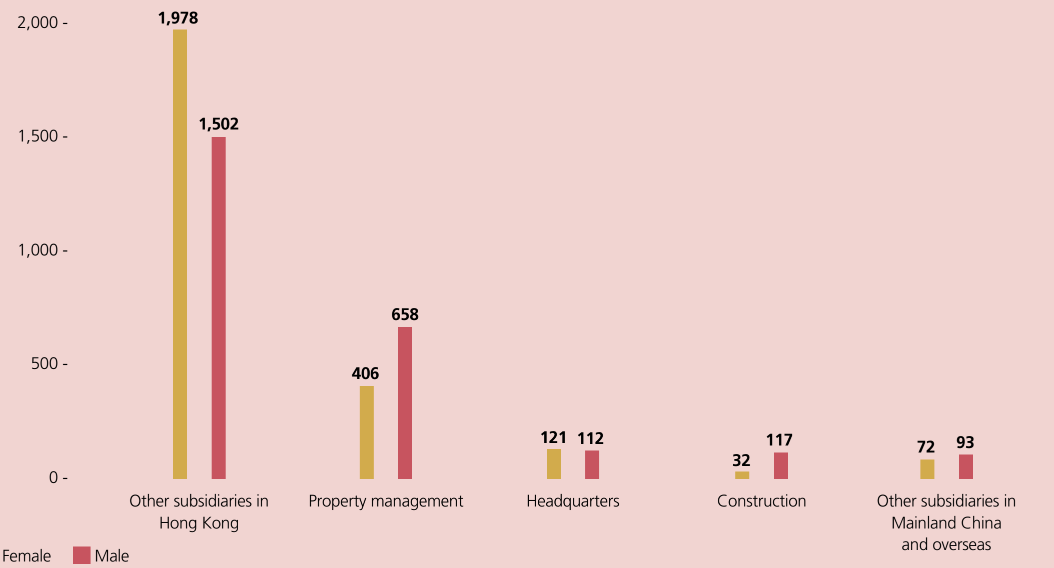
- The Henderson
- Incorporating Smart Living and Automation Features at Residential Properties
- Caine Hill
- Transitional Housing Projects
- Baker Circle

Value for People

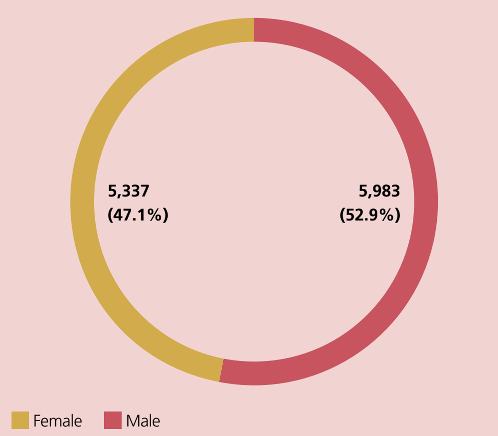
Henderson Land is committed to embedding our caring culture through our interaction with employees, customers, suppliers and business partners.

"Value for People" demonstrates our support of the SDGs throughout our sphere of influence: to promote health and well-being through our products and services, productive workforce and decent working environment for those who work for and with us.

New hires in 2022, by gender

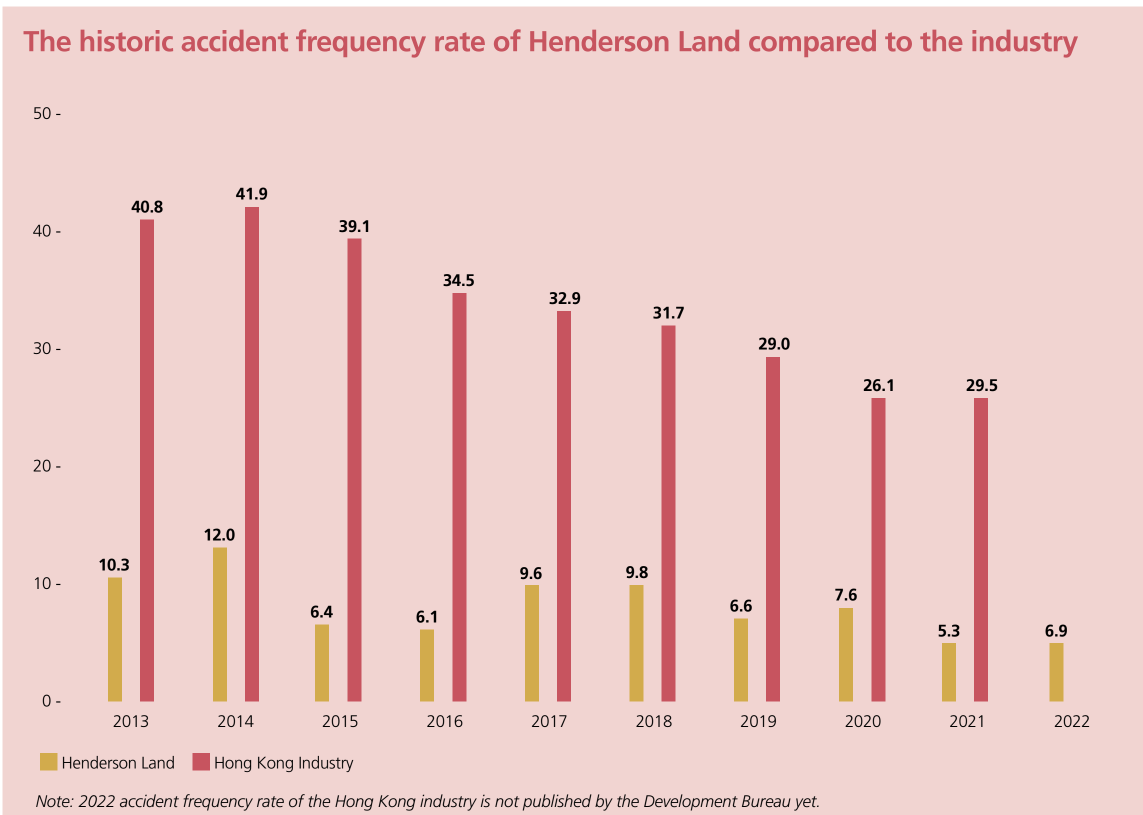


Workforce in 2022, by gender



Our workforce is of crucial importance to the Group's success. We endeavour to nurture a diverse workforce with a collaborative working culture and we support our employees' professional growth along their career journey. To raise awareness of sustainability amongst employees as well as to strengthen their understanding of the Group's activities and achievements, we began issuing Sustainability Newsletter twice a year starting in August 2022. We also launched our first quiz for employees covering more than 20 departments regarding our sustainability strategy, targets and measures, with the aim of reaffirming their knowledge of the subject.

In addition, ensuring the physical, mental and social well-being of our people is crucial to our continued success. To build a harm-free workplace, we follow a robust occupational health and safety management system that protects our employees and workers. Guided by our “Safety First” principle, we strive to provide a safe and healthy working environment for our employees, tenants and contractors by carrying out stringent occupational health and safety practices. In 2022, the Group was among the first batch of strategic partners of Occupational Safety and Health Council to demonstrate our commitment in fostering a safety-first culture.



Our strong emphasis on customer wellness is clearly reflected in our people-centric property designs. We are continuously seeking innovative methods to improve our customers’ experiences, health, and well-being in a sustainable manner. During the year, our residential development, One Innovale, was the first in Hong Kong to obtain WELL v2 Platinum Precertification and China Healthy Building Design Label (2021 version) Platinum Rating, demonstrating our commitment to delivering service and product excellence.

As one of the largest businesses in Hong Kong, the Group’s impact extends beyond our operations and into our supply chain. The Group has a comprehensive supply chain management system in place to ensure our suppliers meet our stringent requirements in respect of regulatory compliance, integrity and sustainability. The Group’s requirements and standards are clearly stipulated during the tendering and procurement process of construction projects. To provide better guidance to our suppliers, we established a new Supplier Code of Conduct Policy.

Echoing our aspiration to raise stakeholders' interest in sustainability, the Group has been active in sustainability advocacy and constantly seeks opportunities to educate the community on sustainability topics and latest sustainability trends via public events. During the year, the Group attended various events, including ReThink Hong Kong, Towngas x The Hong Kong Management Association – ESG Symposium 2022, TVB Financial Forum and sustainability conferences organised by various universities to share our thought leadership on key sustainability topics. In addition, we were invited by InvestHK as an industry expert, alongside industry leaders from other sectors and relevant government officials, to provide inputs and insights for their pitchbook, which is designed and developed to promote Hong Kong's smart green building development. The pitchbook will be an important tool to attract foreign investment and world-class technologies in this sector.

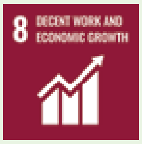
Please refer to the Report for more information, particularly case studies relating to Value for People:

- Dr Lee Ka Kit, Peter's Sustainability Sharing in UBS Philanthropy Forum Greater China 2022
- Occupational Safety and Health Council's Strategic Partnership Programme and Heart Caring Campaign
- Partnership with Other Industries and Staff Engagement to Raise Awareness towards Sustainability

Endeavour for Community

We endeavour to facilitate wellness and a higher quality of life in our community.

Through our pillar of "Endeavour for Community", we support SDGs 8 and 11, and work towards promoting sustainable and inclusive economic growth for the communities we work in and work with.



As a passionate advocate of youth development, Henderson Land has pledged full support for the HKSAR Government's Strive and Rise Programme, a mentorship scheme that helps underprivileged students broaden their horizons, bolster their self-confidence, develop a positive outlook on life and set goals for their future. We contributed HK$25 million to the Programme through the Lee Shau Kee Foundation and nominated about 280 people from the Group's companies and from the Centum Charitas Foundation, which is chaired by our Chairman Dr Lee Ka Kit, Peter, as Programme mentors. Upon successful matching with student mentees, the mentors will help the participants with confidence building, goal setting and financial planning.

As one of the first movers in sustainable finance in Hong Kong, Henderson Land continues to harness the opportunities of expanding the green and sustainable financing landscape. During 2022, we concluded a number of signature financial instruments in order to support ongoing implementation of green and sustainable initiatives in our business operations. These transactions included a HK$100 million bilateral social loan with CCB (Asia), the first-of-its-kind among Hong Kong's property developers. Additionally, the Group signed sustainability-linked loan agreements with CCB (Asia) and Hang Seng Bank respectively during the year, securing loan of HK$1 billion and HK$1.6 billion, as well as receiving a green letter of undertaking from HSBC.

As COVID-19 continued to spread within the local community at the beginning of 2022, Henderson Land has provided an array of assistance to the public, which include offering four land plots to facilitate the Government's implementation of anti-epidemic measures. The Group also donated HK$20 million worth of anti-epidemic supplies through the Henderson Development Anti-Epidemic Fund privately financed by the Group's Chairmen, Dr Lee Ka Kit, Peter and Dr Lee Ka Shing, Martin.




The Group continues to evaluate current social needs and contributes to society's development and well-being through our community investment programmes. We work with trusted non-governmental organisations (NGOs) partners to support programmes in the four priority areas of poverty relief, environmental stewardship, arts and culture, and youth development. We measure the social impact and outcomes of all programmes to make sure our investments are creating positive long-term social outcomes. In 2022, we supported a total of more than 90 community programmes.

Below are some of the community programmes within the four priority areas.

Priority area	Community programmes
Poverty relief	• Home Market – Continuing our support for grassroots individuals • Commission on Poverty's "Future Stars" – Upward Mobility Scholarship Programme • Hong Kong Community Network – Kwai Tsing Ethnic Minority Programme
Environmental stewardship	• Food Made Good Hong Kong – Collaborating to promote sustainability of food & beverage in the city • Supported Green Power through Realising Your Green Lifestyle initiative • Plantation Enrichment Programme • Green Power Hike • World Wide Fund For Nature Hong Kong – Walk for Nature @ Mai Po • The Green Earth – Green Hero Challenge • Precious & Endangered Animal Specimen Expo by HK Biodiversity Museum at MOSTown • Cooperating with Hong Kong Federation of Women's Centres to upcycle Garden's disposed packing materials to create decorations for MOSTown's Christmas
Arts & culture	• French May Arts Festival • Hong Kong Community Network "Hong Kong in My Eyes" photo exhibition • HART – Diversity of artists-in-residence: Open Studio & showcases, Haus Social Studio and artist-led workshops and Curatorship Incubation Programme
Youth development	• HART – HUMBLE HART • HKSAR Government Space Sharing Scheme for Youth • Summerbridge Hong Kong • Urban Land Institute – UrbanPlan

Please refer to the Report for more information, particularly case studies relating to Endeavour for Community:

- Dr Lee Ka Shing, Martin Being Awarded Honorary Doctorate by the Hang Seng University of Hong Kong
- Extending Sustainable Finance beyond our Building Portfolio
- Supporting our Community amidst the Fifth Wave of the Pandemic
- HKIA Architecture Exhibitions "M3: Beyond Territories – Made. Make. Making"
- Weekend Markets in Square Mile
- HKSAR Government's Strive and Rise Programme
- HKU Lee Shau Kee Top Athletes Scholarship
- Driving Innovation and Entrepreneurship in HKUST

Our Project Accreditations

Our dedication to sustainability through our building designs is evident in our green building certifications and awards that we have achieved.

Our cumulative achievements of local, regional and international green building certifications demonstrate our leadership in this space:

63
BEAM Plus

19
BEAM

16
LEED certifications

10
China Green Building Design Labels

1
China Green Building Label

Our accreditations in relation to innovation are as follows:

WiredScore certification
Platinum
(The Henderson)

Smartscore certification
Platinum
(The Henderson)

The cumulative number of healthy buildings certifications achieved demonstrates our leadership in this space:

13
WELL project accreditations

4
China Healthy Building Design Labels

Corporate Governance Report

The Board of Directors of the Company (the "Board") is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2022.

1 Commitment to Corporate Governance

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound risk management and internal controls, and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with all applicable rules and regulations, and codes and standards.

2 Corporate Governance Code

During the year ended 31 December 2022, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company that each of Dr Lee Ka Kit and Dr Lee Ka Shing, with his relevant in-depth expertise and knowledge in the Group's business, acts in the dual capacity as Chairman and Managing Director of the Company. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members as well as appropriate Board committees and senior management, who possess the relevant knowledge and expertise. Hence, the current arrangements are subject to adequate checks and balances notwithstanding such deviation.

3 Board of Directors

(a) Responsibilities of and Support for Directors

The Board nourishes the Company's culture and strives to promote the desired culture at the Company, and ensures it aligns with the Company's purpose, values and strategy. The Board has the responsibility for managing the Company, which includes formulating a corporate strategy and a long term business model, directing and supervising the Company's affairs, approving the Company's financial reports and the relevant results announcements, considering dividend policy and approving the issue, allotment or disposal, or grant of options, in respect of securities or debentures of the Company. It is also responsible for performing the corporate governance duties and reviewing the effectiveness of the risk management and internal control systems which include reviewing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's environmental, social and governance ("ESG") performance and reporting. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations and implementation of the above matters to the Board's standing committee (the "Standing Committee") and, where appropriate, other specific committees.

The day-to-day management, administration and operation of the Company are delegated to the management team. The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back.

Every Director ensures that he/she gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his/her appointment the directorships held in listed companies or nature of offices held in public organisations and other significant commitment, with the identity of such listed companies or public organisations. The Company has also requested Directors to provide in a timely manner any change on such information. Each Director is also required to disclose to the Company his/her time commitment. The details of the Directors' time commitment are disclosed under the sub-paragraph "Directors' Time Commitment and Training" below.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors will be notified of code provision amendment updates in respect of the CG Code so as to be kept abreast of the latest requirements and be assisted in fulfilling their responsibilities. The Directors are also provided with monthly updates which contain periodic financials with summaries of key events, outlook and business related matters of the Group. The monthly updates present a balanced and understandable assessment of the Company's performance and position. The Non-executive Director and Independent Non-executive Directors may, after making a request to the Board, take independent professional advice at the Company's expense in carrying out their functions.

(b) Board Composition

The Board currently comprises seventeen members, as detailed below:

Executive Directors	Non-executive Director	Independent Non-executive Directors
Dr Lee Ka Kit *(Chairman and Managing Director)*	Lee Pui Ling, Angelina	Kwong Che Keung, Gordon
Dr Lee Ka Shing *(Chairman and Managing Director)*		Professor Ko Ping Keung
Dr Lam Ko Yin, Colin *(Vice Chairman)*		Wu King Cheong
Dr Lee Shau Kee		Woo Ka Biu, Jackson
Yip Ying Chee, John		Professor Poon Chung Kwong
Fung Lee Woon King		Au Siu Kee, Alexander
Kwok Ping Ho		
Suen Kwok Lam		
Wong Ho Ming, Augustine		
Fung Hau Chung, Andrew		

The biographical details of the Directors are set out on pages 163 to 168 of this Annual Report. Dr Lee Shau Kee is the father of Dr Lee Ka Kit and Dr Lee Ka Shing, the brother of Madam Fung Lee Woon King. Save as aforesaid, none of the members of the Board is related to one another. A List of Directors and their Role and Function is available on the Company's website.

The Board comprises male and female Directors with diverse backgrounds and/or extensive expertise in the Group's businesses. The Board also has a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Board considers that each of the Non-executive Director and Independent Non-executive Directors brings his/her own relevant expertise to the Board.

The Board has established mechanisms to ensure that independent views are available to the Board. The full text of the mechanisms is available on the Company's website and a summary of which is set out below:

(i) *Composition*

The Board ensures the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, Independent Non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(ii) *Independence Assessment*

The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of Independent Non-executive Directors, and is mandated to assess annually the independence of Independent Non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) *Compensation*

No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) *Board Decision Making*

Directors (including Independent Non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including Independent Non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

During the year ended 31 December 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of Independent Non-executive Directors as mentioned in item (i) above.

The Company has received confirmation in writing of independence from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement.

(c) Appointment and Re-election of Directors

The Board is empowered under the Company's Articles of Association ("Articles") to appoint any person, as a Director, either to fill a casual vacancy on or to be an additional member of the Board. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and exercise reasonable care, skill and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee in accordance with its terms of reference with due regard to the Company's Nomination Policy and Board Diversity Policy, and recommendations of the Nomination Committee are then put to the Board for decision.

In accordance with the Articles, new appointments to the Board are subject to re-election at the next following Annual General Meeting of the Company ("AGM"). Furthermore, nearest one-third of the Directors shall retire from office by rotation but are eligible for re-election at the AGM. The Board will ensure that every Director (including every Non-executive Director) is subject to retirement by rotation at least once every three years. Each Director was appointed by a letter of appointment setting out the key terms and conditions of his/her appointment.

The appointment of Independent Non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. Mr Au Siu Kee, Alexander ("Mr Au"), an Independent Non-executive Director, has the following directorships which fall within the independence guideline in Rule 3.13(7) of the Listing Rules:

(i) Mr Au is currently the chairman and a non-executive director of Henderson Sunlight Asset Management Limited ("HSAM"), a subsidiary of the Company and the manager of the publicly-listed Sunlight Real Estate Investment Trust ("Sunlight REIT"). Sunlight REIT is regarded as a core connected person of the Company for the purpose of the Listing Rules. As Mr Au plays a non-executive role in HSAM, and Sunlight REIT is not a subsidiary of the Company, the Company considers that such non-executive role in HSAM has no bearing on Mr Au's independence.

(ii) Mr Au is currently also a non-executive director of Hong Kong Ferry (Holdings) Company Limited, an associated company of the Company. As a non-executive director, Mr Au has not taken part in the day-to-day management of and has had no executive role in such company. The Company considers that Mr Au's role in such company has no impact on his independence as an Independent Non-executive Director of the Company.

(d) Board Meetings

(i) Number of Meetings and Directors' Attendance

The Board meets from time to time and at least four times a year to discuss and exchange ideas on the affairs of the Company. During the year ended 31 December 2022, the Board held four meetings to approve interim/final results announcements and interim/annual reports, to determine the level of dividends, to discuss significant issues and the general operation of the Company, and to approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors is set out in the table on page 132.

During the year, the Independent Non-executive Directors held a meeting among themselves. In addition, the Chairmen held a meeting with the Independent Non-executive Directors without the presence of other Directors in accordance with the CG Code.

(ii) Practices and Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Meeting agenda and accompanying Board papers are sent to all Directors in a timely manner and at least three days before the Board/committee meetings.

The Company Secretary of the Company is responsible for taking and keeping minutes of all Board and committee meetings. Draft minutes are circulated to Directors for comment within a reasonable time after each board meeting and the final signed version is open for Directors' inspection with copies sent to all Directors for their records.

(e) Conflict of Interest

If a Director has a material interest in a matter of significant nature to be considered by the Board, a physical meeting or meeting by video conference will be held to discuss such matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Articles, such Director who is considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

(f) Director's and Officer's Liability Insurance

The Company has arranged director's and officer's liability insurance to indemnify the Directors and senior management against any potential liability arising from the Company's business activities which such Directors and senior management may be held liable.

The Company also keeps Directors indemnified against any claims to the fullest extent permitted by the applicable laws and regulations arising out of the Directors' proper discharge of duties except for those attributable to any gross negligence or wilful misconduct.

(g) Directors' Time Commitment and Training

Each Director had ensured that he/she had given sufficient time and attention to the affairs of the Company for the year. Directors have disclosed to the Company the nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. Directors are encouraged to participate in professional, public and community organisations. They are also reminded to notify the Company of any change of such information in a timely manner. Other details of Directors, including their directorships held in listed public companies in the past three years, are set out in the biographical details of Directors on pages 163 to 168 of this Annual Report.

During the year, a presentation for the Board on global political landscape, and presentations on various topics at monthly managers meetings where Executive Directors attended were arranged. Legal and regulatory updates are provided from time to time to the Directors for their reading. Directors are also encouraged to attend outside talks and seminars to enrich their knowledge in discharging their duties as a director. On a regular basis, information on seminars organised by professional bodies is provided to the Directors, and the seminar enrolments are handled by the company secretarial department.

The Group observes a strict code of ethics in all spheres and has no tolerance for any form of corruption or other misconduct. In order to reinforce awareness of our Directors on preventing corruption, we regularly provide anti-corruption training for the Directors which include legal and regulatory updates as well as anti-corruption training materials in the form of footages made by the Independent Commission Against Corruption.

According to the training records provided by the Directors to the Company, they participated in continuous professional development in 2022 which included attending seminars and talks, and reading legal and regulatory updates and other reference materials. The seminars, talks and other reference materials covered a wide range of topics on whistleblowing, market and regulatory updates, ESG reporting, financial management, information technology, corporate governance, shareholders' protection, anti-corruption and global political landscape, etc. During the year, the training undertaken by each Director are summarised as follows:

	Attending Seminars, Talks and Briefings	**Reading Legal and Regulatory Updates and other Reference Materials**
Executive Directors		
Dr Lee Ka Kit *(Chairman and Managing Director)*	✓	✓
Dr Lee Ka Shing *(Chairman and Managing Director)*	✓	✓
Dr Lam Ko Yin, Colin	✓	✓
Dr Lee Shau Kee	✘	✓
Yip Ying Chee, John	✓	✓
Fung Lee Woon King	✓	✓
Kwok Ping Ho	✓	✓
Suen Kwok Lam	✓	✓
Wong Ho Ming, Augustine	✓	✓
Fung Hau Chung, Andrew	✓	✓
Non-executive Director		
Lee Pui Ling, Angelina	✓	✓
Independent Non-executive Directors		
Kwong Che Keung, Gordon	✓	✓
Professor Ko Ping Keung	✓	✓
Wu King Cheong	✓	✓
Woo Ka Biu, Jackson	✓	✓
Professor Poon Chung Kwong	✓	✓
Au Siu Kee, Alexander	✓	✓

4 Board Committees

The Board has six Board Committees, namely, the Standing Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Whistleblowing Committee for overseeing particular aspects of the Company's affairs. The Standing Committee of the Board operates as a general management committee with delegated authority from the Board.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

(a) Audit Committee

The Audit Committee was established in December 1998 and reports to the Board. The members of the Audit Committee are:

Independent Non-executive Directors

Kwong Che Keung, Gordon *(Chairman)*
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Both the Chairman and Mr Au Siu Kee, Alexander have the appropriate professional qualifications as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of public companies. The Board expects the Committee members to exercise independent judgement in conducting the business of the Committee.

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and risk management and internal control systems. The terms of reference of the Audit Committee are available on the Company's website.

During the year, the Audit Committee held three meetings. Its responsibilities performed relate to the following areas:

(i) Financial Reporting

In respect of the financial year ended 31 December 2022, the Committee reviewed the interim and annual results announcements and reports, discussed the financial highlights, explanations and analysis on operational and financial performance given by the management. The Committee gave careful consideration to the accounting policies adopted, significant accounting judgements applied, compliance with applicable regulatory requirements and accounting standards, as well as adequacy of reporting disclosures. Significant accounting issues relating to the financial statements were discussed amongst the Committee, the management and the external auditor for a proper accounting treatment or disclosure. The Committee also discussed with the management to ensure that the Company is having adequate resources, qualified and experienced staff, training programmes and budget of the Company's accounting and financial reporting function, as well as those relating to the Company's ESG performance and reporting.

(ii) *External Auditor*

The Committee considered and approved the appointment of external auditor after having reviewed the terms of engagement, the level of remuneration and the confirmation of independence provided by the external auditor. The Committee assessed the effectiveness of the audit process, including the audit plan, the audit approach and scope, key audit matters identified and addressed, as well as the application of information technology audit.

(iii) *Risk management and internal controls*

The Committee reviewed the works and reports of the Group's Audit Department on audit of the internal controls function and the rectification procedures taken by the management in respect of any deficiencies. The Committee also assessed the effectiveness of the risk management (including ESG risk) and internal control systems as set out in the paragraph headed "Internal Audit, Risk Management and Internal Controls" below.

(b) Remuneration Committee

The Remuneration Committee which was established in January 2005 comprises:

Executive Directors	**Independent Non-executive Directors**
Dr Lee Ka Kit	Wu King Cheong *(Chairman)*
Dr Lee Ka Shing	Kwong Che Keung, Gordon
Dr Lam Ko Yin, Colin	Professor Ko Ping Keung
	Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of determining executive compensations in public companies. The Board expects the committee members to exercise independent judgement in conducting the business of the committee.

The written terms of reference include the specific duties of determining, with delegated responsibility, the remuneration package of the individual Executive Director and senior management and making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The terms of reference of the Remuneration Committee are available on the Company's website.

During the year ended 31 December 2022, the Remuneration Committee held a meeting to review the salary structure of the employees of the Company and the level of salary increment for 2023 as well as the remuneration of senior management staff and the Directors with reference to the remuneration level of directors of comparable listed companies. The Company's policy serves a guide to the Remuneration Committee in considering the directors' remuneration and a summary thereof is set out in the paragraph headed "Board Policies" below.

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix 16 of the Listing Rules are set out in note 9 to the financial statements on pages 238 to 240 while the analysis of the senior management's emoluments by band is set out in note 10 to the financial statements on page 241. The Director's fees are fixed at the rate of HK$150,000 per annum for each Executive Director/ Non-executive Director and HK$250,000 per annum for each Independent Non-executive Director. In the event that an Independent Non-executive Director serves on Board committees, he will be paid an additional fee of HK$250,000 per annum for acting as a member of the Audit Committee, and HK$100,000 per annum for acting as a member of each of the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee. The above remuneration remains unchanged until the Company in general meetings otherwise determines. Other emoluments shall from time to time be determined with reference to the Directors' duties and responsibilities.

(c) Nomination Committee

The Nomination Committee which was established in December 2011 comprises:

Executive Directors	**Independent Non-executive Directors**
Dr Lee Ka Kit	Wu King Cheong *(Chairman)*
Dr Lee Ka Shing	Kwong Che Keung, Gordon
Dr Lam Ko Yin, Colin	Professor Ko Ping Keung
	Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of nomination of directors to the Board. The Company has provided the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

The written terms of reference include the specific duties of reviewing the structure, size and composition of the Board with due regard to the Board Diversity Policy and making recommendation on any proposed changes to the Board to complement the Company's corporate policy. Nominations will be made in accordance with the Nomination Policy and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The terms of reference of the Nomination Committee are available on the Company's website.

The Nomination Committee held two meetings during the year ended 31 December 2022. The major work performed by the Nomination Committee during the year included assessing the independence of Independent Non-executive Directors of the Company, making recommendation to the Board on the retiring Directors' eligibility for re-election at the AGM, reviewing the structure and gender diversity of the Board and setting target to achieve gender diversity on the Board for its approval. It also reviewed the Board Diversity Policy and the Nomination Policy, and was satisfied that the said policies were appropriate and effective, and had been properly implemented.

The Nomination Committee has to follow the principles set out in the Nomination Policy and the Board Diversity Policy adopted by the Board which are more particularly described in the paragraph headed "Board Policies" below.

(d) Corporate Governance Committee

The Corporate Governance Committee which was established in October 2012 comprises:

Independent Non-executive Directors
Kwong Che Keung, Gordon *(Chairman)*
Professor Poon Chung Kwong
Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of corporate governance. The Company has provided the Corporate Governance Committee with sufficient resources to perform its duties.

The written terms of reference include the duties of developing and reviewing the Company's policies and practices on corporate governance and monitor such policies and practices on compliance with legal and regulatory requirements. The terms of reference of the Corporate Governance Committee are available on the Company's website.

During the year, the Corporate Governance Committee held a meeting to formulate the work plan for the 2022 Corporate Governance Report, and review the training and continuous professional development of the Directors and senior management, the Company's sustainability initiatives progress, the Shareholders' Communication Policy and the mechanisms for ensuring independent elements on the Board.

On the basis that the Company had strictly adhered to the principles set out in the Shareholders' Communication Policy, including timely dissemination of corporate information to shareholders via "Investor Information" platform on its website, arranging briefings to investors and analysts, and making available different channels for shareholders to communicate their views to the Company, the Committee was satisfied that the Shareholders' Communication Policy was appropriate and effective, and had been properly implemented.

Upon reviewing the existing mechanisms adopted by the Company for ensuring independent elements on the Board, the Committee was satisfied that the mechanisms, which was in conformity with the requirements of the Listing Rules, was appropriate and effective, and had been complied with.

(e) Whistleblowing Committee

The Whistleblowing Committee was established in March 2022 and reports to the Board. The members of the Whistleblowing Committee comprises:

Executive Director	**Independent Non-executive Directors**
Dr Lam Ko Yin, Colin *(Chairman)*	Professor Ko Ping Keung
	Wu King Cheong

The Company has established systems for employees and those who deal with the Group to raise concerns about possible improprieties in any matters relating to the Group, in confidence and anonymity, to be dealt with by the Whistleblowing Committee. Each member is appropriately skilled in handling alleged improprieties reported by whistleblowers.

The written terms of reference include monitoring the effectiveness of the whistleblowing arrangements, ensuring proper procedures for fair and independent investigation of the reported improprieties as well as warranting the confidentiality of the information received and findings of the investigation. The whistleblowing policy has been duly incorporated in Business Ethics and Code of Business Conduct Policy which sets out the high ethical standard and whistleblowing framework.

(f) Attendance Record at Board Meetings, Committee Meetings and AGM

The attendance of the individual Director at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the AGM during the year ended 31 December 2022 is set out in the following table:

	No. of meetings attended/No. of meetings held					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	AGM
Executive Directors						
Dr Lee Ka Kit *(Chairman and Managing Director)*	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lee Ka Shing *(Chairman and Managing Director)*	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lam Ko Yin, Colin	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lee Shau Kee	0/4	N/A	N/A	N/A	N/A	0/1
Yip Ying Chee, John	4/4	N/A	N/A	N/A	N/A	1/1
Fung Lee Woon King	2/4	N/A	N/A	N/A	N/A	0/1
Kwok Ping Ho	4/4	N/A	N/A	N/A	N/A	1/1
Suen Kwok Lam	4/4	N/A	N/A	N/A	N/A	1/1
Wong Ho Ming, Augustine	4/4	N/A	N/A	N/A	N/A	1/1
Fung Hau Chung, Andrew	4/4	N/A	N/A	N/A	N/A	1/1
Non-executive Directors						
Lee Tat Man	0/1[1]	N/A	N/A	N/A	N/A	0/1
Lee Pui Ling, Angelina	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Kwong Che Keung, Gordon	4/4	3/3	1/1	2/2	1/1	1/1
Professor Ko Ping Keung	4/4	3/3	1/1	2/2	N/A	1/1
Wu King Cheong	4/4	3/3	1/1	2/2	N/A	1/1
Woo Ka Biu, Jackson	4/4	N/A	N/A	N/A	N/A	1/1
Professor Poon Chung Kwong	4/4	N/A	N/A	N/A	1/1	1/1
Au Siu Kee, Alexander	4/4	3/3	1/1	2/2	1/1	1/1

Note:

1. *Antecedent to the retirement of Mr Lee Tat Man as a Non-executive Director of the Company on 1 June 2022, there was one Board meeting held.*

5 Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2022, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report on pages 174 to 178.

6 Auditor's Remuneration

For the year ended 31 December 2022, the Auditor(s) of the Company and its subsidiaries agreed to receive approximately HK$23 million for audit and audit related services (2021: HK$22 million) as well as approximately HK$10 million for non-audit services (2021: HK$7 million) covering tax services, corporate and advisory services and other reporting services. The remuneration of the Auditor(s) in respect of audit and non-audit services was reviewed by the Audit Committee.

7 Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiries, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code.

8 Continuing Connected Transactions

The Independent Non-executive Directors and the Audit Department of the Company have reviewed and the Auditor of the Company has reported on the continuing connected transactions as disclosed in the Report of the Directors of this Annual Report (the "Continuing Connected Transactions"). The Audit Department of the Company has also reported to the Independent Non-executive Directors of the Company that the Continuing Connected Transactions were conducted in accordance with the pricing mechanism under the relevant agreements.

9 Board Policies

The following as required by the Listing Rules or otherwise are the summaries of certain policies adopted by the Company:

(a) Inside Information Policy

The Inside Information Policy contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

(b) Board Diversity Policy

The Board Diversity Policy provides that selection of candidates during nomination process will be based on a range of diversity perspectives. These perspectives include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

(c) Nomination Policy

The Nomination Policy sets out the principles guiding the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director of the Company. The policy contains a number of factors to which the Nomination Committee has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an Independent Non-executive Director. The policy also lays down the following nomination procedures: the Nomination Committee (i) will take appropriate measures to identify and evaluate a candidate; (ii) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (iii) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

(d) Dividend Policy

The Dividend Policy incorporates the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to allow its shareholders to participate in the Company's profits whilst retaining adequate reserves for future growth. Normally, the Company pays dividends twice a year, which are the interim dividend and final dividend. The Board may also declare special dividends in addition to such dividends as it considers appropriate. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period. The Board may also consider the issuance of bonus shares on a basis as permitted by the applicable laws and regulations.

(e) Anti-Money Laundering and Counter-Terrorist Financing Policy

The Anti-Money Laundering and Counter-Terrorist Financing Policy is in place to combat money laundering and terrorist financing activities, and formalise such procedures and systems. Compliance with the policy by operational departments is monitored and administered by the Audit Department.

(f) Director and Employee Remuneration Policy

The Director and Employee Remuneration Policy sets out the general principles which guide the Group to deal with the remuneration matters. As a general principle, a fair market level of remuneration will be provided to retain and motivate high quality directors, senior management and employees, and attract experienced people of high calibre to oversee the business and development of the Group. Executive Directors' remuneration packages shall comprise fixed and variable components linking to individual and the Group's performance and comparable to major Hong Kong based companies with special emphasis on the real estate industry. As for Non-executive Directors, only fixed remuneration/fee shall be paid and be set at an appropriate level by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against a peer group.

The full text of the above policies are available on the Company's website.

10 ESG and Sustainable Development

(a) Sustainability

The Company is a founding constituent member of the Hang Seng Corporate Sustainability Index Series launched in July 2010.

A Sustainability Committee, previously named as Corporate Social Responsibility Committee, was formed in 2012 and chaired by Dr Lee Ka Shing with certain Directors and department heads as members to assist the Board in overseeing the corporate social responsibility and sustainability issues including the formulation and review of policies and strategy, compliance with regulatory requirements and evaluation of performance.

During the year, the Sustainability Committee held a meeting to review the policies, performance and strategies on sustainable development. To align with the latest development on ESG matters and in view of the rising concerns in ESG issues, the Group newly adopted the Supplier Code of Conduct Policy and revised certain existing policies.

The written terms of reference of the Sustainability Committee, the ESG policies, as well as the sustainability strategy are available on the Company's website.

An overview of the Sustainability Report 2022 is set out on pages 100 to 121 of this Annual Report and the standalone Sustainability Report 2022 is available on the Company's website and HKEXnews website.

(b) Diversity

Diversity and inclusion are important elements to a company's sustainability efforts. The Company recognises the benefits of having a diverse Board and has adopted the Board Diversity Policy to achieve it. Having considered the Board structure and various factors, the Nomination Committee is satisfied that the Board has an appropriate structure with a diversity of members in terms of knowledge, skills and experience. Gender diversity has also been achieved by having two female directors on the Board which exceed the minimum requirement of the Listing Rules. In striving to maintain gender diversity, the Board has endorsed the Nomination Committee's recommendation that it should continue to have at least two female directors on the Board.

As regards succession planning, the Nomination Committee will deploy multiple channels to identify suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms as and when appropriate. The Board is committed to further enhancing gender diversity as and when suitable candidates are identified.

The Company places tremendous emphasis on gender diversity across all levels of the Group. As at 31 December 2022, the proportion of female representation at the workforce of the Group and at the senior management of the Company were approximately 47% and 22% respectively. Notwithstanding that gender diversity for construction business segment of the Group may be less relevant due to the nature of work, the overall workforce gender of the Group is relatively balanced, with a higher female employee base driven by the department store operation. It is considered that gender diversity in the senior management of the Company has been achieved. The Company would try to maintain the existing gender ratio in the senior management and further enhance gender diversity when appropriate.

11 Internal Audit, Risk Management and Internal Controls

Internal Audit

The Board is responsible for ensuring sound and effective risk management and internal control systems to safeguard the shareholders' interests and the Company's assets.

The Audit Department of the Company, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting regular audits on the major activities of the Company. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management (including ESG risks) functions are in place and functioning effectively. It is also considered that the resources, staff qualifications and experience and training programmes are adequate.

Policies for Whistleblowing and Anti-corruption

The Company has established a system for employees and any person to report concerns about any suspected or actual improprieties relating to the Group and the relevant details are set out in the Business Ethics and Code of Business Conduct Policy. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

Moreover, the Company has adopted the Anti-Corruption and Bribery Policy which provides guidance to our employees on how to recognise and deal with bribery and corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein.

Apart from the channels set out in the relevant policies, an email link has been set up in the webpage of the intranet of the Company for employees to express their opinions or concerns about the Group's operations directly to the Vice Chairman. In addition, the Company has provided a separate email link on its website, by which stakeholders can freely provide comments and suggestions on the operations of the Company so that proper actions can be taken to address issues being raised.

The reported cases, where necessary, will be escalated to the Whistleblowing Committee which is established specifically to deal with alleged improprieties reported by whistleblowers.

Risk Management and Internal Controls

The successful management of risks is essential for the long-term growth and sustainability of the Group's business. The Board is responsible for setting strategies, business objectives and risk appetite as well as ensuring a review of effectiveness of the risk management and internal control systems, and overseeing the design, implementation and monitoring of the risk management and internal control systems.

Risk management is proactive to ensure that significant risks are:

- identified;
- assessed by considering the impacts and likelihoods of their occurrence; and
- effectively managed by identifying suitable controls and countermeasures, and assessing the cost effectiveness of the mitigating actions proposed.

(a) Approach to Risk Management

The risk management of the Group combines a top-down strategic view with a bottom-up operational process.

The Board, by the top-down approach, has a particular focus on determining the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group.

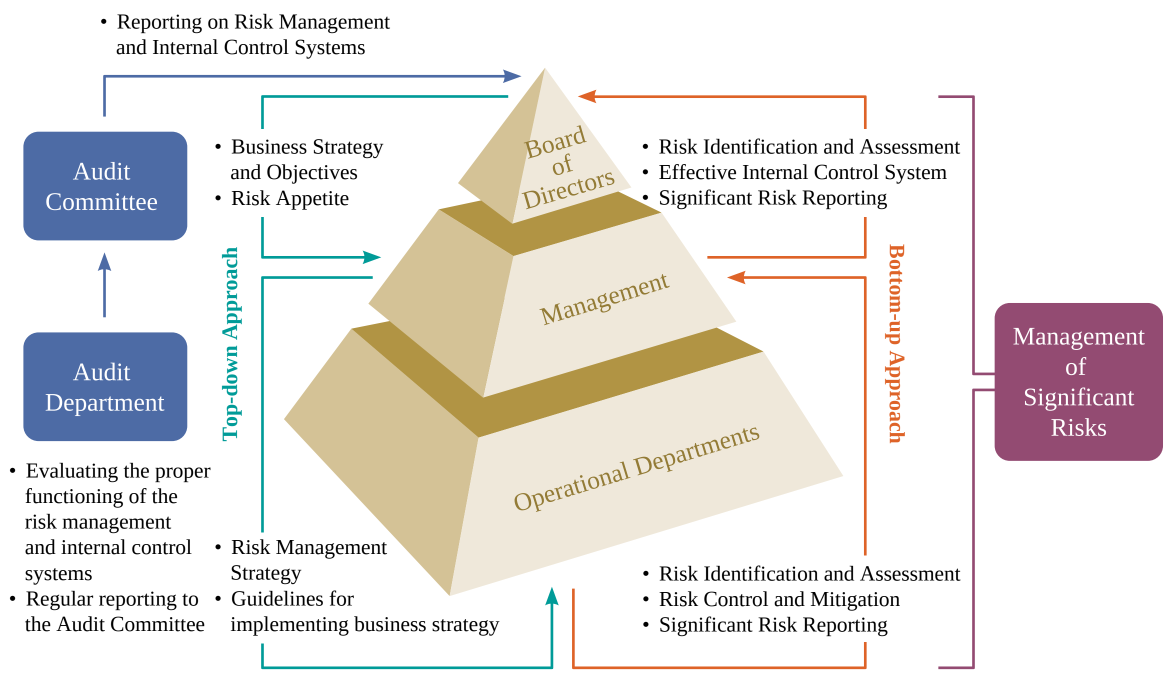
Each department of the Group is responsible for identifying its own risks and designing, implementing and monitoring the relevant risk management and internal control systems. The process involves the maintenance of risk register setting out the particulars of material risks together with the control measures as reported by significant departments of the Group. This bottom-up approach is embedded in the operations of the Group and complements the top-down strategic view by identifying the principal risks and ensuring the significant risks to be considered by the Board in determining the risk appetite.

The terms of reference of the Audit Committee include, among other things, the responsibility of reviewing the risk management and control systems. In addition, a risk management policy has been adopted to serve as a guideline for risk management and internal control systems and such policy is available on the Company's website.

(b) *Risk Management Reporting and Framework*

The Audit Department performed audits to evaluate the proper functioning of the risk management and internal control systems for the financial year ended 31 December 2022. It is intended to carry out this evaluation process on an ongoing basis. The Audit Committee, after reviewing the findings submitted by the Audit Department, reported and confirmed to the Board that the risk management and internal control systems are effective and adequate.

The diagram below summarises the complementary top-down and bottom-up aspects of the integrated approach of the Group to risk management.



(c) *Significant Risks and Control/Mitigation*

Certain significant risks have been identified through the process of risk identification and assessment. A summary on such significant risks of the Group together with the relevant internal control measures or mitigation in place is listed below:

(i) *Regulatory and Compliance Risk*

As a listed and a diversified property development and investment, construction and real estate developer company, the Group is exposed to and subject to extensive government policies and regulations of mainland China and Hong Kong. These include the Companies Ordinance, financial and tax legislations, Residential Properties (First-hand Sales) Ordinance, construction legislations and regulations, and the Listing Rules in Hong Kong; as well as new property control measures by the central and/or local government authorities in the mainland China.

Any non-compliance with these policies and regulations may cause damage to the Group, delay its project developments and affect its ability to deliver its primary objectives.

The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations through internal guidelines, staff training, review process, compliance monitoring by experienced and professional staff as well as by consultation with external experts.

(ii) *Economic Risk*

The Group is dependent on the regional economy in which the Group is active. Global economic uncertainty, prospect of interest rates fluctuation, and geo-political conflicts and COVID-19 pandemic might affect the Group's business.

The Group reviews and optimises its asset portfolio to ensure that it is sufficiently cost effective and efficient. The risk of adverse economic conditions is managed by ensuring proper monitoring of the business performance, and constant assessment of economic conditions and the appropriateness of the prevailing investment and business strategy.

(iii) *Market Risk*

The Group operates in areas that are highly competitive, and failure to compete effectively in terms of price, product quality and specification or levels of service can have an adverse impact on the Group's results. The market demand and supply condition is also one of the significant factors impacting the Group's performance.

The Group manages market risks by keeping track of the property market conditions, strengthening its brand names and product quality, and setting sales strategies commensurate with the market demand.

(iv) *Financial Risk*

An effective and sound financial management system is essential to the Group's operations. The Group may be exposed and impacted by factors such as shortage of fund flow, increase in costs of funding and currency fluctuation.

The Group's finance team provides financial management support by monitoring the financial market conditions and setting an appropriate financial strategy. The Group maintains an open and proactive relationship with the banking community, arranges different terms of loan facilities from different sources with different tenures and ensures continuous assessment of counterparty risks.

(v) *Image/Reputation Risk*

The Group's reputation is one of its most valuable assets, playing a major part in the continued success of the business. The image of the Group may be affected by delayed handover of residential units and quality issues.

The Group is committed to employing, training, developing and retaining a diverse and talented workforce to cope with potential complaints and ensuring proper quality delivery. The Group frequently organises brand name promotion events and maintains good public relations.

(vi) Sales, Leasing, Construction and Property Development Risk

The Group continues to develop its well-planned property development and construction projects. Various measures have been well established to ensure that the development projects are built with high quality standards, on time and within budget.

Whilst the Group ensures that strong management controls are in place and monitoring systems are enforced, it has occasionally encountered increases in development and selling costs, delays in property development, contractors' incapability and contract disputes. The COVID-19 pandemic might have effect on the Group's overall business operations.

(vii) Cyber Security Risk

The Group continues to monitor and improve risk management in cyber security and information technology development. The Group manages the risks by employing experienced information technology personnel and/or engaging the services of external cyber security consultants to improve the system controls.

(viii) COVID-19 Pandemic

The COVID-19 pandemic causes potential risks to staff's health and affects the group's operation and profit.

The Group manages this risk by closely monitoring and complying with the Government's regulations and measures. The Group also exercises the business continuity plan and preventive measures, such as work from home, health-check measures and hygiene control in the workplace, and takes prompt responses to prevent the spread of virus.

(ix) ESG Risk

A Sustainability Committee led by senior management has established clear sustainability strategies and coverage as well as performs on-going monitoring of the Group's ESG initiatives. The Group has engaged external ESG consultants to provide professional advices.

12 Company Secretary

The Company Secretary is to support the Board by ensuring that there is good information flow and the board policies and procedures are strictly followed. The Company Secretary is responsible for advising the Board on governance matters and also facilitating the induction and professional development of Directors.

During the year, the Company Secretary took no less than 15 hours of the relevant professional training.

13 Shareholder Rights and Investor Relations

The Board is committed to promoting effective communications with shareholders and providing timely disclosure of material information to shareholders and investors.

(a) Shareholders' Rights

The AGM of the Company provides a forum for communication between shareholders and the Board. The notice of AGM is despatched to all shareholders at least 21 days prior to the AGM. The Chairmen of all Board Committees are invited to attend the AGM. The Chairmen of the Board and the Chairmen of all the Board Committees, or in their absence, other members of the respective Committees, are available to answer questions at the AGM. The Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence. The Company's policy is to involve shareholders and to communicate with them in the Company's affairs at the AGM.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting will be taken by poll. Detailed procedures for conducting a poll will be explained to the shareholders at the general meeting to ensure that shareholders are familiar with such voting procedures. The poll results will be posted on the websites of The Stock Exchange of Hong Kong Limited and the Company on the day of the general meeting. Moreover, separate resolution will be proposed by the chairman of a general meeting in respect of each substantially separate issue.

Under Section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition 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 may be sent to the Company in hard copy form or in electronic form and must be authenticated by the shareholder(s) making it and deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. Besides, in relation to an annual general meeting which a company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that shareholders representing at least 2.5% of the total voting rights of all shareholders of the company having a right to vote on the resolution at the annual general meeting or at least 50 shareholders having a right to vote on the resolution at the annual general meeting, may request the company to circulate a notice of the resolution for consideration at the annual general meeting, by sending a request, which must be authenticated by the shareholder(s) making it, in a hard copy form or in electronic form. Such request must be deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. The request made under Section 615 must also identify the resolution of which notice is to be given and be received by the Company not later than six weeks before the AGM to which the request relates, or if later, the time at which notice is given of the AGM.

(b) *Shareholders' Communication Policy*

The Company has maintained a Shareholders' Communication Policy which aims at promoting effective communication with the Company's shareholders and enabling them to exercise their rights in an informed manner. In March 2022, the Shareholders' Communication Policy was updated to elaborate on the multiple channels available for shareholders to communicate with the Company and vice versa. It is the Company's general policy to maintain an on-going dialogue with shareholders and the investment community, including the Company's potential investors and analysts. Designated senior management maintains regular communication and dialogue with shareholders, investors and analysts. A meeting with analysts will be held after the announcement of interim or annual results which strengthens the communication with investors. Enquiries from investors are dealt with in an informative and timely manner.

The Company also ensures effective and timely dissemination of information to shareholders and the investment community. As a channel to further promote effective communication, the Group maintains a website at www.hld.com where the Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

The full text of the Shareholders' Communication Policy, which is available on the Company's website, included channels for shareholders to communicate their views on various matters affecting the Company. In particular, shareholders may make enquiries to the Board through the Company's Investor Relations on telephone number (852) 2908 8392 or by email at ir@hld.com or directly by raising questions at general meetings.

Report of the Directors

The Directors have pleasure in submitting to shareholders their annual report together with the audited financial statements for the year ended 31 December 2022.

Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries during the year were property development and investment, construction, project management, property management, provision of finance, hotel operation, department store operation and investment holding.

An analysis of the Group's revenue and contribution from operations by business and geographical segments is set out in note 15 to the financial statements on pages 249 to 254.

Business Review

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairmen's Statement and Review of Operations on pages 10 to 81 of this Annual Report. Possible risks and uncertainties that the Group may be facing are set out in the Financial Review on pages 84 to 97 and the Corporate Governance Report on pages 122 to 142. Particulars of important events affecting the Group since the end of the financial year (if any) are provided in the Chairmen's Statement on pages 10 to 43 and note 45 to the financial statements on page 295. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Five Year Financial Summary on pages 98 and 99 of this Annual Report. Environmental policy, biodiversity policy and climate change policy of the Group have been put in place to give due consideration to environmental issues and minimise the impact of business operations of the Group on environment. In addition, discussions on the aforesaid policies of the Group and the Group's relationships with employees, customers, suppliers and other stakeholders are contained in the Sustainability section and the Corporate Governance Report on pages 100 to 121 and pages 122 to 142 of this Annual Report respectively as well as the standalone Sustainability Report. The Chairmen's Statement, the Review of Operations, the Financial Review, the Sustainability section and the Corporate Governance Report form part of this report.

The Residential Properties (First-hand Sales) Ordinance (Cap. 621) ("RPFSO") regulates the sales and marketing activities in relation to the first-hand 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 the RPFSO through established internal procedures, as well as by engaging external professional advisors including architects, surveyors and solicitors in the checking of the accuracy of the information contained in sales brochures and other relevant documents made available to the public in connection with such sales.

The Group is also committed to safeguarding the security and proper use of personal data. When collecting, processing and using such data in the course of leasing, sale and marketing of properties, the Group complies with the Personal Data (Privacy) Ordinance (Cap. 486) and the guidelines issued by the Office of the Privacy Commissioner for Personal Data from time to time, with a view to protecting the privacy of, amongst others, the purchasers of its properties, in relation to personal data under its management.

In addition, the Group observes the requirements of trademarks, copyrights and other intellectual properties by obtaining the trademark and copyright owners' consent before the use of their products and artworks for the sale promotion of residential units. For the proper use and the protection of the Group's interests, chosen prestige brand names and chosen property names are registered under the Trade Marks Ordinance (Cap. 559) in Hong Kong. Moreover, in order to protect some of our inventions and inventions made by our consultants, the Group applies, from time to time, for patents for the said inventions under the Patents Ordinance (Cap. 514) in Hong Kong.

The Company has complied with the requirements under the Companies Ordinance (Cap. 622), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (Cap. 571) for, among other things, the disclosure of information and corporate governance. The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of dealing in securities of the Company by the Directors.

In operating its businesses in mainland China, the Group has complied with the applicable laws, regulations and related legislation currently in effect in all material respects, including but not limited to the Civil Code of the People's Republic of China, the Company Law, Environmental Protection Law, Labour Law, Labour Contract Law, regulations in relation to natural resources protection and pollution prevention, etc. So far, no particular laws and regulations materially impact on the Group's businesses in mainland China in their ordinary course of operations.

Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2022 are set out on pages 296 to 302.

Group Profit

The profit of the Group for the year ended 31 December 2022 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 179 to 304.

Dividends

An interim dividend of HK$0.50 per share was paid on 20 September 2022. The Directors have recommended the payment of a final dividend of HK$1.30 per share to shareholders whose names appear on the Register of Members of the Company on Tuesday, 13 June 2023, and such final dividend will not be subject to any withholding tax in Hong Kong.

The proposed final dividend is expected to be distributed to shareholders on Friday, 23 June 2023.

Charitable Donations

Charitable donations made by the Group during the year amounted to HK$22,000,000 (2021: HK$35,000,000).

Investment Properties and Other Property, Plant and Equipment

Particulars of the movements in investment properties and other property, plant and equipment during the year are set out in note 16 to the financial statements on pages 255 to 261.

Bank Loans, Guaranteed Notes and Medium Term Note Programme

Particulars of bank loans, Guaranteed Notes and Medium Term Note Programme of the Group as at 31 December 2022 are set out in notes 32 and 33 to the financial statements on pages 282 and 283.

Interest Capitalised

The amount of interest capitalised by the Group during the year ended 31 December 2022 is set out in note 8(a) to the financial statements on page 236.

Reserves

Particulars of the movements in reserves of the Company during the year ended 31 December 2022 are set out in note 44(b) to the financial statements on page 294.

Share Capital

Details of the Company's share capital are set out in note 44(c) to the financial statements on page 295. There were no movements during the year.

Group Financial Summary

The results, assets and liabilities of the Group for the last five years ended 31 December 2022 are summarised on pages 98 and 99.

Development and Investment Properties

Particulars of development and investment properties of the Group are set out on pages 44 to 81.

Directors' Emoluments

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix 16 of the Listing Rules are set out in note 9 to the financial statements on pages 238 to 240.

Directors

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

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Dr Lee Ka Kit *(Chairman and Managing Director)*	Lee Tat Man *(retired on 1 June 2022)*	Kwong Che Keung, Gordon
Dr Lee Ka Shing *(Chairman and Managing Director)*	Lee Pui Ling, Angelina	Professor Ko Ping Keung
Dr Lam Ko Yin, Colin *(Vice Chairman)*		Wu King Cheong
Dr Lee Shau Kee		Woo Ka Biu, Jackson
Yip Ying Chee, John		Professor Poon Chung Kwong
Fung Lee Woon King		Au Siu Kee, Alexander
Kwok Ping Ho		
Suen Kwok Lam		
Wong Ho Ming, Augustine		
Fung Hau Chung, Andrew		

Dr Lee Ka Kit, Dr Lee Ka Shing, Dr Lam Ko Yin, Colin, Madam Fung Lee Woon King, Mr Suen Kwok Lam and Mrs Lee Pui Ling, Angelina shall retire by rotation at the forthcoming annual general meeting in accordance with Article 116 of the Company's Articles of Association and the Corporate Governance Code and, being eligible, have offered themselves for re-election.

The list of directors of the subsidiaries of the Company during the financial year and up to the date of this report is kept at the Company's registered office and available for inspection by the Company's shareholders during office hours.

Disclosure of Interests

Directors' Interests in Shares

As at 31 December 2022, the interests and short positions of each Director 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 Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares *(unless otherwise specified)*

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Land Development Company Limited	Lee Shau Kee	1	15,548,667		3,509,782,778		3,525,331,445	72.82
	Lee Ka Kit	1				3,509,782,778	3,509,782,778	72.50
	Lee Ka Shing	1				3,509,782,778	3,509,782,778	72.50
	Lee Pui Ling, Angelina	2	64,554				64,554	0.00
	Fung Lee Woon King	3	2,493,138				2,493,138	0.05
	Woo Ka Biu, Jackson	4		3,896			3,896	0.00
Henderson Investment Limited	Lee Shau Kee	5			2,110,868,943		2,110,868,943	69.27
	Lee Ka Kit	5				2,110,868,943	2,110,868,943	69.27
	Lee Ka Shing	5				2,110,868,943	2,110,868,943	69.27
The Hong Kong and China Gas Company Limited	Lee Shau Kee	6			7,748,692,715		7,748,692,715	41.53
	Lee Ka Kit	6				7,748,692,715	7,748,692,715	41.53
	Lee Ka Shing	6				7,748,692,715	7,748,692,715	41.53
	Poon Chung Kwong	7				243,085	243,085	0.00
Hong Kong Ferry (Holdings) Company Limited	Lee Shau Kee	8	799,220		119,017,090		119,816,310	33.63
	Lee Ka Kit	8				119,017,090	119,017,090	33.41
	Lee Ka Shing	8				119,017,090	119,017,090	33.41
	Lam Ko Yin, Colin	9	150,000				150,000	0.04
	Fung Lee Woon King	3	465,100				465,100	0.13
Miramar Hotel and Investment Company, Limited	Lee Shau Kee	10			345,999,980		345,999,980	50.08
	Lee Ka Kit	10				345,999,980	345,999,980	50.08
	Lee Ka Shing	10				345,999,980	345,999,980	50.08
Towngas Smart Energy Company Limited	Lee Shau Kee	11			2,162,535,761		2,162,535,761	66.36
	Lee Ka Kit	11				2,162,535,761	2,162,535,761	66.36
	Lee Ka Shing	11				2,162,535,761	2,162,535,761	66.36

***Ordinary Shares** (unless otherwise specified) (continued)*

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Development Limited	Lee Shau Kee	12			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	12			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	13	35,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)		50,000,000 (Non-voting Deferred Shares)	100.00
	Lee Ka Kit	12				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	12				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	13				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	12				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	12				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	13				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
Feswin Investment Limited	Lee Ka Kit	14			5,000	5,000	10,000	100.00
Fordley Investment Limited	Fung Lee Woon King	3	2,000				2,000	20.00

***Ordinary Shares** (unless otherwise specified) (continued)*

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Furnline Limited	Lee Shau Kee	15			100 (A Shares)		100 (A Shares)	100.00
	Lee Shau Kee	16			1 (B Share)		1 (B Share)	100.00
	Lee Ka Kit	15				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Kit	16				1 (B Share)	1 (B Share)	100.00
	Lee Ka Shing	15				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Shing	16				1 (B Share)	1 (B Share)	100.00
Perfect Bright Properties Inc.	Lee Shau Kee	15			100 (A Shares)		100 (A Shares)	100.00
	Lee Shau Kee	16			1 (B Share)		1 (B Share)	100.00
	Lee Ka Kit	15				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Kit	16				1 (B Share)	1 (B Share)	100.00
	Lee Ka Shing	15				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Shing	16				1 (B Share)	1 (B Share)	100.00

Save as disclosed above, none of the Directors or the Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO, other than the deemed interests of Dr Lee Shau Kee, Dr Lee Ka Kit and Dr Lee Ka Shing in the shares, underlying shares and debentures of the unlisted associated corporations of the Company which are solely derived from their deemed interests in Henderson Development Limited, Henderson Investment Limited, Miramar Hotel and Investment Company, Limited and/or the Company and not from any separate personal interests of their own, in respect of which a waiver from strict compliance with the disclosure requirements under paragraph 13 of Appendix 16 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Substantial Shareholders' and Others' Interests

As at 31 December 2022, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

	No. of shares in which interested	% Interest
Substantial Shareholders		
Rimmer (Cayman) Limited (Note 1)	3,509,782,778	72.50
Riddick (Cayman) Limited (Note 1)	3,509,782,778	72.50
Hopkins (Cayman) Limited (Note 1)	3,509,782,778	72.50
Henderson Development Limited (Note 1)	3,506,860,733	72.44
Yamina Investment Limited (Note 1)	1,580,269,966	32.64
Believegood Limited (Note 1)	797,887,933	16.48
South Base Limited (Note 1)	797,887,933	16.48
Persons other than Substantial Shareholders		
Cameron Enterprise Inc. (Note 1)	371,145,414	7.67
Richbond Investment Limited (Note 1)	475,801,899	9.83

Notes:

1. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 15,548,667 shares, and for the remaining 3,509,782,778 shares, (i) 1,450,788,868 shares were owned by Henderson Development Limited ("HD"); (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 371,145,414 shares were owned by Cameron Enterprise Inc.; 797,887,933 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 152,897,653 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 140,691,961 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 117,647,005 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; and (iv) 2,922,045 shares were owned by Fu Sang Company Limited ("Fu Sang"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD and Fu Sang. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr Lee Shau Kee. Dr Lee Shau Kee was taken to be interested in these shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

2. *Mrs Lee Pui Ling, Angelina was the beneficial owner of these shares.*

3. *Madam Fung Lee Woon King was the beneficial owner of these shares.*

4. *These shares were owned by the wife of Mr Woo Ka Biu, Jackson.*

5. *Of these shares, 843,249,284 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and Henderson Investment Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

6. *Of these shares, 4,313,717,809 shares and 1,675,475,274 shares were respectively owned by Disralei Investment Limited and Medley Investment Limited, both of which were wholly-owned subsidiaries of Timpani Investments Limited; 1,759,499,632 shares were owned by Macrostar Investment Limited, a wholly-owned subsidiary of Chelco Investment Limited; and Timpani Investments Limited and Chelco Investment Limited were wholly-owned subsidiaries of Faxson Investment Limited which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and The Hong Kong and China Gas Company Limited ("HKCG") by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

7. *These shares were owned by Professor Poon Chung Kwong and his wife jointly.*

8. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 799,220 shares, and for the remaining 119,017,090 shares, 48,817,090 shares were held by Wiselin Investment Limited, 23,400,000 shares each were respectively owned by Graf Investment Limited, Mount Sherpa Limited and Paillard Investment Limited, all of which were wholly-owned subsidiaries of Pataca Enterprises Limited which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and Hong Kong Ferry (Holdings) Company Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

9. *Dr Lam Ko Yin, Colin was the beneficial owner of these shares.*

10. *Of these shares, 120,735,300 shares, 128,658,680 shares and 96,606,000 shares were respectively owned by Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which were wholly-owned subsidiaries of Aynbury Investments Limited which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and Miramar Hotel and Investment Company, Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

11. *These shares representing 66.36% of the total issued shares in Towngas Smart Energy Company Limited were taken to be interested by Hong Kong & China Gas (China) Limited (as to 1,976,254,212 shares), Planwise Properties Limited (as to 183,164,833 shares) and Superfun Enterprises Limited (as to 3,116,716 shares), all being wholly-owned subsidiaries of HKCG. Dr Lee Shau Kee was taken to be interested in HKCG as set out in Note 6 and Towngas Smart Energy Company Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

12. *These shares were held by Hopkins as trustee of the Unit Trust.*

13. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 35,000,000 shares, and Fu Sang owned the remaining 15,000,000 shares.*

14. *Of these shares, (i) 5,000 shares were owned by Applecross Limited which was wholly-owned by Dr Lee Ka Kit; and (ii) 5,000 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andcoe Limited which was wholly-owned by Henderson China Holdings Limited, an indirect wholly-owned subsidiary of the Company.*

15. *These shares were owned by Jetwin International Limited. Triton (Cayman) Limited as trustee of a unit trust owned all the issued share capital of Jetwin International Limited. Triumph (Cayman) Limited and Victory (Cayman) Limited, as trustees of respective discretionary trusts, held units in the unit trust. The entire share capital of Triton (Cayman) Limited, Triumph (Cayman) Limited and Victory (Cayman) Limited were owned by Dr Lee Shau Kee who was taken to be interested in such shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of the discretionary trusts holding units in such unit trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in such shares by virtue of the SFO.*

16. *This share was owned by Sunnice Investment Limited, a wholly-owned subsidiary of Profit Best Development Limited which in turn was wholly-owned by the Company.*

Share Schemes

The Company and its subsidiaries have no share schemes.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2022 was the Company or any of its holding companies, subsidiaries or fellow 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 any other body corporate.

Equity-linked Agreements

No equity-linked agreements entered into by the Company were subsisting as at 31 December 2022 and the Company did not enter into any equity-linked agreements during the year under review.

Interests in Transactions, Arrangements or Contracts and Connected Transactions/Continuing Connected Transactions

During the year under review, the Group had the transactions, arrangements and contracts as described below with persons who are "connected persons" for the purposes of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

(1) Henderson Finance Company Limited, a wholly-owned subsidiary of Henderson Development Limited, made unsecured advances from time to time to subsidiaries of the Company up to a maximum aggregate sum of approximately HK$59,662 million during the year, with interest chargeable on the balances outstanding from time to time by reference to HIBOR quoted by banks. As at 31 December 2022, the aggregate sum owing by subsidiaries of the Company to Henderson Finance Company Limited amounted to approximately HK$56,007 million, which has been included in the financial statements under "Amount due to a fellow subsidiary".

Dr Lee Shau Kee, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in the transactions, arrangements and contracts referred to in the above as directors of the Company's ultimate holding company, Henderson Development Limited (and as more particularly described in the section "Disclosure of Interests" above) with respect to their interests in Henderson Development Limited or the trust.

(2) The Company had the following continuing connected transactions, each of which, as previously disclosed by way of announcement, was subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules:

Transactions entered into with Sunlight Real Estate Investment Trust ("Sunlight REIT")

Sunlight REIT being a trust in accordance with the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong was regarded by the Stock Exchange as a connected person of the Company under the Listing Rules so long as the aggregate percentage unitholdings in Sunlight REIT held by the Group and the Shau Kee Financial Enterprises Limited group ("SKFE Group") (controlled by a family trust of Dr Lee Shau Kee, Director of the Company) is above 30%. Accordingly, the transactions between the Group and Sunlight REIT group constitute connected transactions of the Company under the Listing Rules.

As disclosed in the announcement dated 31 March 2021 (the "2021 Announcement"), fresh annual cap amounts in respect of each of the three financial years ending up to 31 December 2024 were set for the continuing connected transactions between the Group and Sunlight REIT group contemplated under the following agreements/deeds:

(a) a property management agreement dated 29 November 2006 was entered into between Henderson Sunlight Asset Management Limited ("HSAM"), a wholly-owned subsidiary of the Company, as manager of Sunlight REIT, and Henderson Sunlight Property Management Limited (the "Property Manager"), a wholly-owned subsidiary of the Company, as property manager of the Sunlight REIT, and the property holding companies under the Sunlight REIT group had also subsequently acceded thereto. The property management agreement was thereafter supplemented by five supplemental agreements dated 28 April 2009, 25 June 2012, 12 May 2015, 15 May 2018 and 31 March 2021 respectively. The agreement related to the provision of certain property management and lease management as well as marketing services in respect of the properties of Sunlight REIT at a fee of not exceeding 3% per annum of the gross property revenue of the relevant properties of Sunlight REIT plus a commission on the base rent or licence fee for a tenancy or a licence secured. By the last supplemental agreement entered into between HSAM and the Property Manager, the term of the appointment of the Property Manager for the provision of the said property related management services (the "Property Management Transactions") has been extended to 30 June 2024;

(b) a trust deed dated 26 May 2006 (as supplemented by supplemental deeds dated 1 June 2006, 28 November 2006, 28 April 2009, 23 July 2010, 30 April 2012 and 16 March 2015, and as subsequently amended and restated to consolidate the above supplemental deeds and other amendments which took effect on 10 May 2021) was entered into between Uplite Limited, a subsidiary of SKFE Group, as settlor, HSAM as manager, and HSBC Institutional Trust Services (Asia) Limited as trustee in respect of, among other things, the appointment of HSAM as the manager of Sunlight REIT for the management and operation of Sunlight REIT at a base fee not exceeding 0.4% per annum of the property values of Sunlight REIT for the relevant financial year and a variable fee of 3% per annum of the relevant net property income and share of profits of joint venture entities (if any) of Sunlight REIT payable in the form of cash and/or Sunlight REIT units as HSAM may elect. HSAM is also entitled to an acquisition fee in respect of acquisition of real estate by Sunlight REIT, and a divestment fee in respect of any real estate sold or divested by Sunlight REIT (where applicable) and certain reimbursement (the "Asset Management Transactions"); and

(c) a master services agreement dated 31 March 2021 for a term of three years from 1 July 2021 to 30 June 2024 was entered into between the Company and HSAM, as manager of Sunlight REIT, in relation to the provision of security services and other property related ancillary services in respect of the properties of Sunlight REIT by the Group to the Sunlight REIT group. With respect to the services to be provided by the Group to the Sunlight REIT group under the master services agreement, the Company and its subsidiaries and associates (excluding the Sunlight REIT group) and the relevant members of the Sunlight REIT group shall enter into separate definitive services agreement(s) setting out the detailed terms (including the fee and the payment terms). Details of such services agreements entered into or subsisted during the year under review are as follows:

    (i) a security services contract dated 9 April 2021 in respect of a property located at Sheung Wan for a term of 24 months commencing on 1 July 2021 at a monthly service fee of approximately HK$50,000; and

(ii) a short-term security services contract dated 21 September 2022 in respect of a property located at Tseung Kwan O for a term of three months commencing on 5 September 2022 (subject to adjustment) at a service fee of approximately HK$69,000 (together with the transaction set out in item (i) above, collectively referred to as the "Property Related Ancillary Services Transactions").

The maximum aggregate sums to be paid by the Sunlight REIT group to the Group under the Property Management Transactions, the Asset Management Transactions and the Property Related Ancillary Services Transactions will not exceed the following:

Financial year ended 31 December 2022 (HK$ million)	Financial year ending 31 December 2023 (HK$ million)	Financial year ending 31 December 2024 (HK$ million)
228.8	248.8	268.8

For the year ended 31 December 2022, the Group received approximately HK$43,971,000 for the Property Management Transactions, approximately HK$90,169,000 for the Asset Management Transactions and approximately HK$648,000 for the Property Related Ancillary Services Transactions which in aggregate amounted to approximately HK$134,788,000 (collectively the "Sunlight REIT Transactions").

Transactions entered into with Union Medical Centre Limited ("Union Medical")

As disclosed in the announcement dated 10 June 2020, Smart Bright Development Limited ("Smart Bright", a wholly-owned subsidiary of the Company) as licensor/landlord (by itself or through its agent, Henderson Leasing Agency Limited) entered into certain licences and tenancy agreements with Union Medical (trading as Union Hospital) as licensee/tenant in relation to the licensing/leasing of certain premises located at H Zentre, No. 15 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong ("H Zentre").

As Dr Lee Shau Kee is a Director and a deemed controlling shareholder of the Company, and Union Medical is a company ultimately controlled by the private family trusts of Dr Lee Shau Kee, Union Medical is a connected person of the Company under the Listing Rules. Accordingly, the licences and tenancy agreements set out below between Smart Bright as licensor/landlord and Union Medical as licensee/tenant constituted continuing connected transactions of the Company and the principal terms thereof are summarised below (collectively the "Union Medical Transactions"):

		Tenancy Term and Monthly Charges			
Premises	**Licence Period and Fee**	**1st Part of the Fixed Term – Duration and Monthly Rental** Note 2	**2nd Part of the Fixed Term – Duration and Monthly Rental** Note 2	**3rd Part of the Fixed Term – Duration and Monthly Rental** Note 2	**Remarks**
The whole of 9th Floor, H Zentre					
(i) Offer to Licence Date: 23 October 2019	3 months commencing on 9 September 2019 Note 1 Nominal fee of HK$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 25 October 2019	Not applicable	8 years and 9 months commencing from 9 December 2019 to 8 September 2028			3 months' rent-free period Note 1
		1st – 33rd month	34th – 69th month	70th – 105th month	The tenant shall be responsible for fitting out the interior of the premises at its own costs and expenses, save for landlord's fitting out works of not more than HK$1,400,000
Gross Floor Area: 15,287 sq.ft.		*HK$1,005,885*	*HK$1,077,705*	*Open market rent, which shall be not less than 85% and not more than 125% of the rent of the 69th month, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor*	
		Miscellaneous charges (subject to review from time to time): *(i) Management fees: HK$145,226.5* *(ii) Air-conditioning charges: HK$45,861*			

		Tenancy Term and Monthly Charges			
Premises	**Licence Period and Fee**	**1st Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**2nd Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**3rd Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**Remarks**
The whole of 12th Floor, H Zentre, including Flat Roof on 12th Floor					
(i) Offer to Licence Date: 10 June 2020	3 months commencing on 1 August 2020 (which was subsequently deferred to 30 September 2020 by a written notice served by the tenant on 17 July 2020 in accordance with the offer to licence) [Note 1] Nominal fee of HK$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 10 June 2020	Not applicable	8 years and 9 months commencing on the first day immediately following the expiration date of the above offer to licence			8 months' rent-free period [Note 1]
		1st – 33rd month	34th – 69th month	70th – 105th month	
Gross Floor Area: 17,234 sq.ft.		*HK$822,192*	*HK$880,896*	*Open market rent, which shall be not less than 85% and not more than 125% of the rent of the 69th month, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor*	
		Miscellaneous charges (subject to review from time to time): *(i) Management fees: HK$163,723* *(ii) Air-conditioning charges: HK$51,702*			

Premises	Licence Period and Fee	Tenancy Term and Monthly Charges: 1st Part of the Fixed Term – Duration and Monthly Rental [Note 2]	2nd Part of the Fixed Term – Duration and Monthly Rental [Note 2]	3rd Part of the Fixed Term – Duration and Monthly Rental [Note 2]	Remarks
The whole of B1 Floor, H Zentre					
(i) Offer to Licence Date: 10 June 2020	4 months and 15 days commencing on 1 September 2020 [Note 1] Nominal fee of HK$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 10 June 2020	Not applicable	10 years commencing on the first day immediately following the expiration date of the above offer to licence			3 months' rent-free period [Note 1]
		1st – 3rd year	4th – 6th year	7th – 10th year	An amount of approximately HK$81,300,000 paid by the landlord as gross capital expenses on improvement of the property was incurred as part of the landlord's provision with such gross capital expenses having been amortised on a straight line basis over the 10-year fixed term and incorporated into the monthly rent
Gross Floor Area: 12,452 sq.ft.		*HK$1,169,293*	*HK$1,203,167*	*Open market rent, which shall be not less than 85% and not more than 125% of monthly rent of the 6th year, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor*	
		Miscellaneous charges (subject to review from time to time): *(i) Management fees: HK$118,294* *(ii) Air-conditioning charges: HK$37,356*			

Notes:

1. *The tenant shall be responsible for Government rates, management fees, air-conditioning charges and all other outgoings during the relevant licence/rent-free periods.*
2. *The monthly rentals as referred to in the table above are payable in advance on the first day of each calendar month and exclusive of Government rates, management fees, air-conditioning charges and all other outgoings for which the tenant is responsible.*

As the term of tenancy for each of the premises under the aforesaid tenancy agreements entered into between Smart Bright as landlord and Union Medical as tenant exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed an independent financial adviser to explain why a period of longer than three years is necessary and to confirm if it is normal business practice to have leases exceeding three years. Having considered a number of factors, including substantial capital expenditures incurred by both Smart Bright and Union Medical as well as the custom-built nature of the premises for medical floor purpose, the independent financial adviser was of the view that the tenancy term (including the licence period) for each of the premises under the aforesaid tenancy agreements was necessary and it was normal practice for tenancy agreements of this type to be of such duration.

The aggregate amounts of rentals, management fees, air-conditioning charges and other miscellaneous charges (exclusive of Government rates) payable by Union Medical to Smart Bright under the Union Medical Transactions on an annual basis will not exceed the following maximum figures:

Financial year ended/ending 31 December	Annual caps (HK$ million)
2022	53
2023	54
2024	55
2025	57
2026	61
2027	67
2028	61
2029	37
2030	25
2031	6

For the year ended 31 December 2022, the Group received approximately HK$42,983,000 for the Union Medical Transactions.

The Audit Department has reviewed the Sunlight REIT Transactions and the Union Medical Transactions together with the relevant internal controls and confirmed to the Independent Non-executive Directors of the Company that the Sunlight REIT Transactions and the Union Medical Transactions were conducted in accordance with the pricing mechanism and the terms under the relevant agreements. The Independent Non-executive Directors of the Company have reviewed and confirmed that such transactions are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the terms of the respective licences/agreements/deeds relating to the transactions in question and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditor of the Company has also confirmed that nothing has come to the Auditor's attention that causes it to believe that the Sunlight REIT Transactions and the Union Medical Transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group; (c) were not entered into, in all material respects, in accordance with the relevant licences/agreements/deeds governing such transactions; and (d) have exceeded the respective caps as aforesaid.

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

The material related party transactions set out in note 43 to the financial statements on pages 290 to 292 include transactions that constitute connected transactions/continuing connected transactions for which the disclosure requirements under the Listing Rules have been met.

Save as disclosed above, no other transaction, arrangement or contract that is significant in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had, directly or indirectly, a material interest, subsisted at the year end or at any time during the year.

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the interests of Directors of the Company in businesses which might compete with the Group during the year ended and as at 31 December 2022 were as follows:

Dr Lee Ka Kit and Dr Lee Ka Shing, Chairmen and Managing Directors of the Company, and Dr Lee Shau Kee, Director of the Company, held directorships and/or have deemed interests in companies engaged in the same businesses of property investment, development and management in Hong Kong and mainland China as the Group. As those companies which engage in the same businesses as the Group are involved in the investment, development and management of properties of different types and/or in different locations, and the Group has been operating independently of, and at arm's length from, the businesses of those companies, no competition is considered to exist.

Service Contracts

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

Management Contracts

No contracts (as defined in Section 543 of the Companies Ordinance (Cap. 622)) 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.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Major Customers and Suppliers

For the year ended 31 December 2022:

(1) the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and

(2) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

Discussion and Analysis of Performance

A discussion and analysis of the Group's performance for the year ended 31 December 2022 is shown on pages 84 to 97.

Sustainability

The standalone Sustainability Report is to be published on the same date of this Annual Report and posted on the Company's website.

Retirement Benefits Scheme

The Group's Hong Kong employees participate in certain defined contribution provident fund schemes (the "Funds") as defined in the Occupational Retirement Schemes Ordinance (Cap. 426) or in another defined contribution scheme (the "Scheme") as mentioned below or in schemes (the "MPF Schemes") registered under the Mandatory Provident Fund Scheme Ordinance (Cap. 485) ("MPFO").

Contributions to the Funds are made by the participating employers at rates ranging from 4% to 11%, and by the employees at rates ranging from 2% to 11%, of the employees' basic monthly salaries. The portion of employers' contributions to which the employees are not entitled and which has been forfeited shall not be used to reduce the future contributions of the participating employers.

As for the Scheme, contributions are made by both the employers and the employees at the rate of 5% of the employees' basic monthly salaries. Forfeited contributions can be applied towards reducing the amount of future contributions payable by the employers. There were no forfeited contributions of the Scheme utilised during the year ended 31 December 2022 (2021: Nil). As at 31 December 2022, there were no forfeited contributions that could be utilised to reduce the Group's contributions to the Scheme (2021: Nil).

No employees of the Group were eligible to join the Funds or the Scheme on or after 1 December 2000.

Employees of the Group who are not members of the Funds or the Scheme participate in the MPF Schemes. In addition to the minimum benefits set out in the MPFO, the Group provides certain voluntary top-up benefits to employees participating in the MPF Schemes. The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions. The total amount so utilised during the year ended 31 December 2022 was HK$3,126,000 (2021: HK$3,410,000) and the balance available to be utilised as at 31 December 2022 was HK$130,000 (2021: HK$211,000).

The Group also participates in the state-organised pension scheme operated by the Government of the PRC for its PRC employees and contributes a certain percentage of the employees' covered payroll to fund the benefits.

The Group's retirement costs charged to the profit and loss account for the year ended 31 December 2022 were HK$162,000,000 (2021: HK$112,000,000).

Permitted Indemnity

The Articles of Association of the Company provide that every 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 (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

In addition, the indemnity agreements made by the Company, which are currently in force and were in force throughout the financial year, contained permitted indemnity provisions (as permitted in Section 469(2) of the Companies Ordinance (Cap. 622)), for the benefit of the Directors of the Company. The Company has also taken out and maintained Director's liability insurance throughout the financial year, which provides appropriate cover for the Directors.

Financial Assistance to Affiliated Companies

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2022 are presented as follows:

	Combined statement of financial position HK$ million	Group's attributable interests HK$ million
Non-current assets	41,160	13,053
Current assets	136,855	45,420
Current liabilities	(89,437)	(28,263)
Total assets less current liabilities	88,578	30,210
Non-current liabilities	(69,868)	(24,100)
Net assets	18,710	6,110

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2022.

Public Float

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

Auditor

A resolution for the re-appointment of KPMG as Auditor of the Company is to be proposed at the forthcoming annual general meeting.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 122 to 142.

On behalf of the Board

Dr Lee Ka Kit
Chairman

Dr Lee Ka Shing
Chairman

Hong Kong, 21 March 2023

Biographical Details of Directors and Senior Management

Executive Directors

Dr LEE Ka Kit, *GBS, JP, DBA (Hon),* aged 59, a Member of the Standing Committee of the 14th National Committee of the Chinese People's Political Consultative Conference, has been an Executive Director of the Company since 1985 and was the Vice Chairman of the Company from 1993 to May 2019. On 28 May 2019, he was appointed as Chairman and Managing Director, and a member of the Remuneration Committee and the Nomination Committee of the Company. He was educated in the United Kingdom and has been primarily responsible for the development of the business of Henderson Land Group in the People's Republic of China since he joined the Company in 1985. He is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the vice chairman of Henderson Investment Limited as well as the chairman of The Hong Kong and China Gas Company Limited and Towngas Smart Energy Company Limited, all of which are listed companies. He is a member as well as the chairman of the Board of Directors of One Country Two Systems Research Institute. He was awarded an Honorary University Fellowship by The University of Hong Kong in 2009 and an Honorary Degree of Doctor of Business Administration by Edinburgh Napier University in July 2014. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited and Henderson Development which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee, the brother of Ms Lee Pui Man, Margaret and Dr Lee Ka Shing, the brother-in-law of Mr Li Ning and the relative of Madam Fung Lee Woon King and Ms Li Keng Yan, Kristine.

Dr LEE Ka Shing, *GBS, JP, DSSc (Hon),* aged 51, a Member of the 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference, has been an Executive Director of the Company since 1993 and was the Vice Chairman of the Company from 2005 to May 2019. On 28 May 2019, he was appointed as Chairman and Managing Director, and a member of the Remuneration Committee and the Nomination Committee of the Company. He was educated in Canada. He is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the chairman and managing director of Henderson Investment Limited, the chairman and chief executive officer of Miramar Hotel and Investment Company, Limited as well as the chairman of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is a member of the Court of The University of Hong Kong, the Court of The Hong Kong Polytechnic University and the Court of City University of Hong Kong. He was awarded an Honorary Fellowship by University College London in 2021 and an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong in 2022. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Believegood Limited, Cameron Enterprise Inc. and Richbond Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee, the brother of Ms Lee Pui Man, Margaret and Dr Lee Ka Kit, the brother-in-law of Mr Li Ning and the relative of Madam Fung Lee Woon King and Ms Li Keng Yan, Kristine.

Dr LAM Ko Yin, Colin, *SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon),* aged 71, joined the Company in 1982 and has been an Executive Director since 1985 and the Vice Chairman since 1993. He is also the chairman of the Whistleblowing Committee, and a member of the Remuneration Committee and the Nomination Committee of the Company. Dr Lam holds a B.Sc. (Honours) degree from The University of Hong Kong and has over 49 years' experience in banking and property development. He is the chairman of Hong Kong Ferry (Holdings) Company Limited, the vice chairman of Henderson Investment Limited, a non-executive director of The Hong Kong and China Gas Company Limited and an executive director of Miramar Hotel and Investment Company, Limited, all of which are listed companies. He is the deputy chairman of The University of Hong Kong Foundation for Educational Development and Research, a director of Fudan University Education Development Foundation, an honorary Court member of Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a member of the Court of City University of Hong Kong. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008 and an Honorary Fellowship by The Chinese University of Hong Kong in 2019. He was also conferred with a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015 and a degree of Doctor of Business Administration (Honoris Causa) by The Hong Kong University of Science and Technology in 2021. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Dr Lam is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited and Believegood Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Dr the Hon LEE Shau Kee, *GBM, DBA (Hon), DSSc (Hon), LLD (Hon),* aged 94, the founder of the Company and Henderson Investment Limited, was the Chairman and Managing Director of the Company from 1976 to 28 May 2019, upon his retirement from such position. He continues to act as an Executive Director of the Company after his stepping down as Chairman and Managing Director. He has been engaged in property development in Hong Kong for more than 65 years. He is the chairman of Henderson Development Limited ("Henderson Development"). Dr Lee previously served as the chairman of The Hong Kong and China Gas Company Limited, an executive director of Henderson Investment Limited, a non-executive director of Miramar Hotel and Investment Company, Limited and Hong Kong Ferry (Holdings) Company Limited as well as the vice chairman of Sun Hung Kai Properties Limited, all of which are listed companies. Dr Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited and Henderson Development which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the brother of Madam Fung Lee Woon King, the father of Ms Lee Pui Man, Margaret, Dr Lee Ka Kit and Dr Lee Ka Shing, the father-in-law of Mr Li Ning and the grandfather of Ms Li Keng Yan, Kristine.

YIP Ying Chee, John, *LLB, FCG, FCA,* aged 74, has been an Executive Director of the Company since 1997. He graduated from The University of Hong Kong and the London School of Economics and is a solicitor, a certified public accountant and a chartered surveyor. He has over 45 years' experience in corporate finance, and corporate and investment management.

FUNG LEE Woon King, aged 84, has been an Executive Director of the Company since 1976. She joined Henderson Development Limited ("Henderson Development"), the parent company of the Company as treasurer in 1974 and has been an executive director of Henderson Development since 1979. She is also the Chief Treasurer of Henderson Development Group, Henderson Land Group and Henderson Investment Group. Madam Fung is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Yamina Investment Limited, Believegood Limited, Cameron Enterprise Inc., South Base Limited and Richbond Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. She is the sister of Dr Lee Shau Kee and the relative of Dr Lee Ka Kit, Dr Lee Ka Shing, Ms Lee Pui Man, Margaret, Mr Li Ning and Ms Li Keng Yan, Kristine.

KWOK Ping Ho, *BSc, MSc, Post-Graduate Diploma in Surveying, FRICS, ACIB,* aged 70, joined the Company in 1987 and has been an Executive Director since 1993. Mr Kwok holds a Bachelor of Science (Engineering) (Civil Engineering Group) Honours degree from the University of London and a Master of Science degree in Administrative Sciences from Cass Business School, City, University of London. He is also the holder of a Post-Graduate Diploma in Surveying (Real Estate Development) from The University of Hong Kong. Mr Kwok is a Fellow of the Royal Institution of Chartered Surveyors and he is also an Associate member of The Chartered Institute of Bankers (A.C.I.B.) of the United Kingdom. Mr Kwok had previously been a Part-time Lecturer for the MBA programme of The University of Hong Kong and he is also currently an Adjunct Professor of the Department of Real Estate and Construction, Faculty of Architecture of The University of Hong Kong. He had worked in the international banking field for more than 11 years with postings in London, Chicago, Kuala Lumpur, Singapore as well as in Hong Kong before joining the Company and has over 35 years of experience in the finance and business management areas which include responsibilities in the corporate investment, finance and treasury and project management activities of Henderson Land Group since 1987, including group re-organisation, privatisation proposals and corporate acquisitions. He is also a non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. Mr Kwok is a director of Believegood Limited which has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

SUEN Kwok Lam, *BBS, JP, MH, FHIREA,* aged 76, joined the Company in 1997 and has been an Executive Director of the Company since 2002. Mr Suen was an individual Member of The Real Estate Developers Association of Hong Kong from 1999 to 2022, the president of The Hong Kong Association of Property Management Companies from 2003 to 2007 and the vice president of Hong Kong Institute of Real Estate Administrators from 2006 to 2018. He has over 50 years' experience in property management.

WONG Ho Ming, Augustine, *JP, MSc, MEcon, FHKIS, MRICS, MCIArb, RPS (GP),* aged 62, joined the Company in 1996 and has been an Executive Director of the Company since 2010. He is presently the General Manager of Property Development Department as well. He is a registered professional surveyor and has over 38 years' experience in property appraisal, dealing and development. He is the deputy chairman and member of the Council of Lingnan University.

FUNG Hau Chung, Andrew, *BBS, JP, BA*, aged 65, has been the Chief Financial Officer of the Company since 2017 and an Executive Director of the Company since 2020. He is also a non-executive director of The Hong Kong and China Gas Company Limited, a listed company. He holds the Bachelor of Arts Degree from The University of Hong Kong and the Honorary Fellowship awarded by Lingnan University. Mr Fung served as an executive director and the Head of Global Banking and Markets of Hang Seng Bank Limited, a listed company, before he stepped down from such positions in July 2017. He has been engaged in the banking industry since graduation, serving at Societe Generale, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia, Hong Kong Branch and DBS Bank (Hong Kong) Limited. He has 41 years of experience in banking, capital markets and asset management. He is the Professor of Practice (Finance) in the School of Accounting and Finance of The Hong Kong Polytechnic University, the Adjunct Professor of The Hang Seng University of Hong Kong and a member of the school management committee of Buddhist Tai Hung College. Mr Fung is currently the chairman of the Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital, a member of the Court of The University of Hong Kong, a trustee of The D.H. Chen Foundation, a member of the Cantonese Opera Advisory Committee and the Cantonese Opera Development Fund Advisory Committee, and a member of the Banking Review Tribunal. Mr Fung had previously been a board member of the Hospital Authority, a board member of the Airport Authority Hong Kong, a director of The Hong Kong Mortgage Corporation Limited, an associate member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, a lay council member of the Hong Kong Institute of Certified Public Accountants and a client representative director of OTC Clearing Hong Kong Limited.

Non-executive Director

LEE Pui Ling, Angelina, *SBS, JP, LLB, FCA*, aged 74, has been a Director of the Company since 1996 and was re-designated as Non-executive Director in 2004. Mrs Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs Lee is a Non-executive Director of CK Infrastructure Holdings Limited and TOM Group Limited and an Independent Non-executive Director of Great Eagle Holdings Limited, all of which are listed companies.

Independent Non-executive Directors

KWONG Che Keung, Gordon, *FCA*, aged 73, has been an Independent Non-executive Director of the Company since 2004. He is also the chairman of the Audit Committee and the Corporate Governance Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He graduated from The University of Hong Kong with a bachelor's degree in social sciences in 1972 and qualified as a chartered accountant in England in 1977. He was a partner of Pricewaterhouse from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong from 1992 to 1997. He is an independent non-executive director of Henderson Investment Limited, Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, COSCO SHIPPING International (Hong Kong) Co., Ltd., FSE Lifestyle Services Limited and Piraeus Port Authority S.A. (listed in Greece), all of which are listed companies. Mr Kwong previously served as an independent non-executive director of Global Digital Creations Holdings Limited until 22 May 2020, China Power International Development Limited until 3 June 2021 and NWS Holdings Limited until 21 November 2022.

Professor KO Ping Keung, *PhD, FIEEE, JP*, aged 72, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Whistleblowing Committee of the Company. Professor Ko holds a Bachelor of Science (Honours) degree from The University of Hong Kong, a Doctor of Philosophy degree and a Master of Science degree from the University of California at Berkeley. He is an Adjunct Professor of Peking University and Tsinghua University and Emeritus Professor of Electronic and Computer Engineering and the former Dean of the School of Engineering of The Hong Kong University of Science and Technology. He was the vice chairman of Electrical Engineering and Computer Science Department of the University of California at Berkeley in 1991-1993 and a member of Technical staff, Bell Labs, Holmdel, in 1982-1984. Professor Ko is an independent non-executive director of Henderson Investment Limited, Q Technology (Group) Company Limited and VTech Holdings Limited, all of which are listed companies.

WU King Cheong, *BBS, JP*, aged 72, has been an Independent Non-executive Director of the Company since 2005. He is also the chairman of the Remuneration Committee and the Nomination Committee of the Company, and a member of the Audit Committee and the Whistleblowing Committee of the Company. Mr Wu is the Life Honorary Chairman of The Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Limited. He is an independent non-executive director of Henderson Investment Limited, Hong Kong Ferry (Holdings) Company Limited, Miramar Hotel and Investment Company, Limited and Yau Lee Holdings Limited, all of which are listed companies.

WOO Ka Biu, Jackson, *MA (Oxon)*, aged 60, has been an Independent Non-executive Director of the Company since 2012. He holds an MA degree in Jurisprudence from the Oxford University and is a qualified solicitor in England and Wales, Hong Kong Special Administrative Region and Australia. He is an honorary director of Tsinghua University, a China-Appointed Attesting Officer appointed by the Ministry of Justice, People's Republic of China and a Practising Solicitor Member on the panel of the Solicitors' Disciplinary Tribunal in The Hong Kong Special Administrative Region. He is a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission, a member of the Listing Review Committee of The Stock Exchange of Hong Kong Limited as well as a member of the Honorary Advisory Panel and the Policy, Registration and Oversight Committee (formerly known as Oversight, Policy and Governance Committee) of Accounting and Financial Reporting Council (formerly known as Financial Reporting Council). In addition, Mr Woo is a Panel Member of the Resolution Compensation Tribunal under the Financial Institutions (Resolution) Ordinance (Cap. 628) appointed by the Chief Executive. Mr Woo was a partner of Ashurst Hong Kong and a director of N M Rothschild & Sons (Hong Kong) Limited ("Rothschild"). Prior to joining Rothschild, Mr Woo was a partner in the corporate finance department of Woo Kwan Lee & Lo. Mr Woo was an alternate to Sir Po-shing Woo, in Sir Po-shing Woo's capacity as a non-executive director of the Company. He is a director of Kailey Group of Companies, the Chief Executive Officer of Challenge Capital Management Limited, a steward of The Hong Kong Jockey Club and a consultant of Guantao & Chow Solicitors and Notaries. He is also an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. He is the son of Sir Po-shing Woo.

Professor POON Chung Kwong, *GBS, JP, OBE, PhD, DSc,* aged 83, has been an Independent Non-executive Director and a member of the Corporate Governance Committee of the Company since 2012. Professor Poon obtained a Bachelor of Science (honours) degree from the University of Hong Kong, a Doctor of Philosophy degree and a Higher Doctor of Science degree from the University of London. He was a postdoctoral fellow at the California Institute of Technology, University of Southern California and University of Toronto. He also held the Honorary Degree of Doctor of Humanities from The Hong Kong Polytechnic University in 2009. Professor Poon is currently the chairman of Virya Foundation Limited (a registered non-profit charitable organisation) and he is the President Emeritus and Emeritus Professor of The Hong Kong Polytechnic University and had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. Professor Poon received the “Leader of the Year Awards 2008 (Education)”. In addition, Professor Poon was appointed a member of the Legislative Council (1985-1991) and a member of the National Committee of the Chinese People’s Political Consultative Conference (1998-2013). Professor Poon is a non-executive director of Lee & Man Paper Manufacturing Limited and an independent non-executive director of The Hong Kong and China Gas Company Limited and Chevalier International Holdings Limited, all of which are listed companies.

AU Siu Kee, Alexander, *OBE, FCA, FCCA, FCPA, FCIB, FHKIB,* aged 76, rejoined the Company as an Independent Non-executive Director in December 2018. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee of the Company. Mr Au was an Executive Director and the Chief Financial Officer of the Company from December 2005 to June 2011. He stepped down from the position of Chief Financial Officer and was re-designated as a Non-executive Director of the Company on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an Independent Non-executive Director of the Company until his retirement on 2 June 2015. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Currently, Mr Au is an independent non-executive director of Henderson Investment Limited, Wharf Real Estate Investment Company Limited and Miramar Hotel and Investment Company, Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He is also the chairman and a non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of the Company, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Senior Management

YU Wai Wai, *JP, BA (AS), B Arch, FHKIA, HonFHKIPM, Authorized Person (Architect), Registered Architect (HK),* aged 62, joined the Company in 2013 and is presently the General Manager of Project Management (1) Department. He is a Fellow member of the Hong Kong Institute of Architects, an Honorary Fellow of the Hong Kong Institute of Project Management and an Authorized Person (Architect). Mr Yu has over 30 years of experience in property planning and design, project management, quality management, cost management, land acquisition and customer services. He also has experience in art and cultures, green building innovations, heritage and conservation developments.

KWOK Man Cheung, Victor, *BA (AS), B Arch (Dist), MSc (Con P Mgt), EMBA, FHKIA, MAPM, RIBA, Authorized Person (Architect), Registered Architect (HK),* aged 69, joined the Company in 2005 and is presently the General Manager of Project Management (2) Department. He possesses professional qualifications of both a project manager and an architect. He holds a Bachelor of Architecture (Distinction) degree and a Master of Science in Construction Project Management degree from The University of Hong Kong, and an Executive Master of Business Administration degree from Tsinghua University. He is a Fellow Member of The Hong Kong Institute of Architects and a Member of Association of Project Management. He has over 44 years of professional experience in the property and construction industry of Hong Kong and mainland China.

LEUNG Kam Leung, *MSc, PGDMS, FHKIS, RPS (GP),* aged 69, joined the Company in 1997 and is presently the General Manager of Property Planning Department. He has over 46 years' experience in land and property development. He joined the former Public Works Department in 1976 and qualified as a Chartered Surveyor in 1980. He was assigned to an international property consultancy firm in London in 1982 receiving professional training in valuation, town planning and property development. He was promoted to Senior Estate Surveyor and Chief Estate Surveyor of the Lands Department in 1986 and 1994 respectively. He holds an Associateship in General Practice Surveying, a Postgraduate Diploma in Management Studies and a Master of Science degree in International Real Estate. He was sponsored by the Hong Kong Government in 1992 to complete a one-year programme of studies at the Graduate School of Public Policy of the University of California, Berkeley. Mr Leung is a Fellow Member of The Hong Kong Institute of Surveyors and a Registered Professional Surveyor. He was a non-official member of the Business Facilitation Advisory Committee, the convenor of the Former Pre-construction Task Force, a member of the Review Panel under the Land (Miscellaneous Provisions) Ordinance, a member of the Real Estate Services Training Board of Vocational Training Council and an external examiner of Master of Science in Real Estate Programme of the Faculty of Architecture of The University of Hong Kong. He is now a member of the Land Sub-committee of the Land and Development Advisory Committee and the convenor of the Planning, Environment and Lands Sub-committee of The Real Estate Developers Association of Hong Kong.

WONG Wing Hoo, Billy, *BBS, JP, BSc, FICE, FHKIE, FIHT, FHKIHT, RPE,* aged 65, joined the Company in 2006 and is presently the General Manager of Construction Department. He is a fellow member of the Institution of Civil Engineers, Hong Kong Institution of Engineers, Institution of Highways and Transportation and Hong Kong Institution of Highways and Transportation. He is also a Registered Professional Engineer under the Engineers Registration Ordinance (Chapter 409). He previously served as president of Hong Kong Construction Association, chairman of Construction Industry Training Authority, chairman of Construction Industry Training Board, director of Hong Kong Science and Technology Parks Corporation and board member of the Airport Authority Hong Kong. Mr Wong is currently director of Hong Kong-Shenzhen Innovation and Technology Park Ltd., board member of the Hospital Authority, member of the Council of The Hong Kong University of Science and Technology and permanent supervisor of Hong Kong Construction Association.

CHAN Chu Fai, Edmond, *MBA, MSc(Eng), BSc(Eng), FHKIE, CEng, MIStructE, MICE, RPE (Civil, Structural), RSE, RI(E),* aged 68, joined the Company in 2016 and is presently the General Manager of Engineering Department. He holds a Bachelor and a Master degree in Civil Engineering from The University of Hong Kong, and a Master of Business Administration degree from Heriot-Watt University. He is a fellow member of the Hong Kong Institution of Engineers, and a member of the Institution of Civil Engineers and the Institution of Structural Engineers. He has over 40 years of professional experience in structural, civil, and geotechnical engineering.

Dr WONG Man Wa, Raymond, *DFinTech, MSc(Real Estate), LLB, PCLL, Solicitor,* aged 57, joined the Company in 2012 and is presently the Senior General Manager of Sales Department. He possesses professional qualification as a solicitor in Hong Kong and is presently sitting on a number of professional, government consultative and advisory committees. He was an individual member of The Real Estate Developers Association of Hong Kong. He holds a Doctor of FinTech degree from The Hong Kong Polytechnic University, and a Master of Science in Real Estate degree with distinction, a Bachelor of Laws (LL.B) degree and a Postgraduate Certificate in Laws (PCLL) all from The University of Hong Kong. Prior to joining the Company, Dr Wong had over 22 years' practical experience as a lawyer specialising in land and property development related works and was a partner of one of the largest international law firms in Hong Kong.

LAM Tat Man, Thomas, *MEM(UTS), DMS, EHKIM, MHIREA,* aged 63, joined the Company in 1983 and is presently the General Manager of Sales (1) Department. He holds a Master Degree in Engineering Management from the University of Technology, Sydney, Australia and a Diploma in Management Studies from The Hong Kong Polytechnic University. He is an Ordinary Member of Hong Kong Institute of Real Estate Administrators and an Executive Member of Hong Kong Institute of Marketing. He has over 39 years' experience in property sales and marketing.

HAHN Ka Fai, Mark, *BSc, MRICS, MHKIS, RPS (GP),* aged 59, joined the company in 2013 and is presently the General Manager of Sales (2) Department. He is a member of both the Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. He has over 36 years' experience in property acquisitions, developments, sales and marketing as well as fund raising involving projects in Hong Kong, mainland China, Taiwan and Japan. Prior to joining the Company, he held various senior posts with several leading international property consultancies, associate director at Sino Land and executive director, Asia/managing director, development at Grosvenor.

LEE Pui Man, Margaret, *BHum (Hons),* aged 62, joined the Company in 1984 and is presently the Senior General Manager of Portfolio Leasing Department. She holds a B Hum (Honours) degree from the University of London and has over 38 years' experience in marketing development. She is the eldest daughter of Dr Lee Shau Kee, the spouse of Mr Li Ning, the mother of Ms Li Keng Yan, Kristine, the sister of Dr Lee Ka Kit and Dr Lee Ka Shing and the relative of Madam Fung Lee Woon King.

KONG Po Yan, *BA,* aged 53, joined the Company as the General Manager of Portfolio Leasing Department in 2021. Ms Kong holds a Bachelor of Arts degree in Geography from The University of Hong Kong. Ms Kong has 30 years of experience in the real estate industry. She has extensive experience in retail and commercial leasing as well as implementation of large scale renovation projects and trade-mix repositioning exercises. She had held managerial positions in renowned property developers and real estate trust, including Sun Hung Kai Properties Limited, New World Development Company Limited and Link Real Estate Investment Trust.

LI Keng Yan, Kristine, *BA, MSc(Real Estate),* aged 34, is presently the Senior Deputy General Manager of Portfolio Leasing Department. Ms Li holds a Master of Science in Real Estate from The University of Hong Kong and a Bachelor of Arts degree from Stanford University, USA. Prior to joining Henderson Land, she worked in the investment banking industry. Ms Li has over 10 years of experience in property leasing, marketing and asset management field. She currently serves as a global governing trustee of Urban Land Institute, and is also a member of The Y.Elites Association and Hong Kong Pei Hua Education Foundation as well as a committee member of the Union Hospital Charity Program. Ms Li is the granddaughter of Dr Lee Shau Kee, the daughter of Mr Li Ning and Ms Lee Pui Man, Margaret and the relative of Dr Lee Ka Kit, Dr Lee Ka Shing and Madam Fung Lee Woon King.

LI Ning, *BSc, MBA,* aged 66, has been appointed an executive director of Henderson Investment Limited since 2014 and is also an executive director of Hong Kong Ferry (Holdings) Company Limited. He holds a B.Sc. degree from Babson College and an M.B.A. degree from the University of Southern California. Mr Li set up the business of Citistore Stores in 1989 and has been managing the business since then in the capacity as a director, being a veteran with 30 years' experience in the department store business. Mr Li is the son-in-law of Dr Lee Shau Kee, the spouse of Ms Lee Pui Man, Margaret, the father of Ms Li Keng Yan, Kristine, the brother-in-law of Dr Lee Ka Kit and Dr Lee Ka Shing and the relative of Madam Fung Lee Woon King.

Dr WONG Kim Wing, Ball, *BA (AS), B. Arch, PhD (Finance), FHKIA, Registered Architect (HK), Authorized Person (List 1, HK),* aged 61, joined the Company in 2011 as the group consultant and serves to advise Henderson Land Group in his expert areas of sales and marketing, leasing, and project management. He is also presently acting as the General Manager of Asset Development Department and Comm. & Ind. Properties Department and advises Henderson Land Group on its asset development and asset branding of investment portfolio. Dr Wong is a Registered Architect and Authorized Person in Hong Kong and holds a PhD Degree in Finance from the Shanghai University of Finance and Economics. Prior to joining Henderson Land Group, he was an executive director of CC Land Holdings Ltd., and was the director (Project and Planning) of The Link Management Limited (as Manager of The Link Real Estate Investment Trust). He had also served Sun Hung Kai Properties Group for over 10 years.

YU Ching Yan, Johnny, *BSc, MBA, ACA, CFA,* aged 52, joined the Company in 2020 as the advisor to Chairman. Prior to joining the Company, Mr Yu held various senior positions with UBS, Credit Suisse and Price Waterhouse in both Hong Kong and London. He brought 28 years of extensive experience covering multiple disciplines including sales and marketing, investment advisory, accounting, tax and risk management and control. He leads the sustainability development of the Company and won the prestigious Business Leadership in Sustainability Award at the Asia Pacific Leadership in Green Building Awards 2022, organised by the World Green Building Council (WorldGBC). He also provides strategic advisory on property sales and marketing, policy formulation, digital transformation and innovation. Mr Yu graduated from The London School of Economics and Political Science, University of London with a bachelor’s degree in Management Science and attained his MBA degree in Finance with City University of London. He is a member of The Institute of Chartered Accountants in England & Wales and Chartered Financial Analyst Institute.

LEE King Yue, aged 96, joined Henderson Development Limited, the parent company of the Company on its incorporation in 1973 and has been engaged in property development for over 65 years. Mr Lee was an Executive Director of the Company for about 40 years until his stepping down from the board on 2 June 2016. He is an executive director of Henderson Real Estate Agency Limited and also a director of various members of the Group. He performs a senior executive role in the Finance Department of the Group and is responsible for the Group’s property mortgage loans business.

LIU Cheung Yuen, Timon, *BEc, FCPA, CA (Aust), FCG, HKFCG,* aged 65, joined the Henderson Land Group in 2005 and is presently the Company Secretary of the Group. Mr Liu graduated from Monash University, Australia with a bachelor’s degree in Economics. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute, and an associate of The Institute of Chartered Accountants in Australia. He has many years’ experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice.

WONG Wing Kee, Christopher, *BSc (Econ), FCA,* aged 60, joined the Company in 2007 and is presently the General Manager of Accounts Department. Mr Wong graduated from The London School of Economics and Political Science, University of London and is a fellow of The Institute of Chartered Accountants in England & Wales. He has over 35 years of experience in accounting, auditing, investment banking and corporate finance in the United Kingdom and in Hong Kong. Prior to joining the Company, Mr Wong was the chief financial officer of Kerry Properties Limited between December 2004 and May 2007.

NGAN Suet Fong, Bonnie, *BBA,* aged 65, joined the Company in 2005 and is presently the General Manager of Corporate Communications Department. Ms Ngan graduated from the University of Wisconsin, USA. She has over 37 years of experience in both banking and real estate industries, and has held senior positions in corporate communications, marketing, retail banking and e-business. Prior to joining the Company, Ms Ngan was the general manager, corporate communications and public relations of Hong Kong Tourism Board.

Financial Statements

Report of the Independent Auditor

Independent auditor's report to the members of Henderson Land Development Company Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Henderson Land Development Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 179 to 304, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

Key audit matters (continued)

Valuation of investment properties and investment properties under development	
Refer to note 16 to the consolidated financial statements on pages 255 to 261 and the accounting policy 2(j)(i) on page 197.	
The key audit matter	**How the matter was addressed in our audit**
The Group holds either directly or through its joint ventures and associates, a portfolio of investment properties and investment properties under development located in Hong Kong and in certain first and second-tier cities across mainland China. These properties comprise office premises, industrial premises, shopping malls, residential premises and car parking bays. The fair values of investment properties and investment properties under development as at 31 December 2022 were assessed by the management based on valuations prepared by a firm of qualified external property valuers. The net changes in fair value of investment properties and investment properties under development are recorded in the consolidated statement of profit or loss. We identified valuation of the investment properties and investment properties under development as a key audit matter because of the significance of investment properties and investment properties under development to the Group's total assets and the significance of changes in fair value of investment properties and investment properties under development to the Group's profit before taxation and because the valuation of investment properties and investment properties under development can be inherently subjective and requires significant management judgement and estimation which increases the risk of error or potential management bias, particularly given the number and the diverse nature and location of the investment properties and investment properties under development.	Our audit procedures to address the valuation of investment properties and investment properties under development, either directly held by the Group or through its joint ventures and associates, included the following: • obtaining and inspecting the valuation reports prepared by the external property valuers on which the management's assessment of the fair values of investment properties and investment properties under development was based; • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity; • with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with the external property valuers, without the presence of management, their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuation by comparing capitalisation rates, prevailing market rents and comparable market transactions with the available market data; • comparing tenancy information, including committed rents and occupancy rates provided by the management to the external property valuers, with underlying contracts and related documentation, on a sample basis; and • conducting site visits to investment properties under development, on a sample basis, to observe the development progress and evaluating management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects.

Key audit matters (continued)

Assessing the net realisable value of properties held for/under development for sale and completed properties for sale in mainland China	
Refer to note 26 to the consolidated financial statements on pages 272 to 273 and the accounting policy 2(o) on page 205.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2022, the Group held either directly or through its joint ventures and associates, properties held for/under development for sale and completed properties for sale located in certain cities across mainland China. These properties are stated at the lower of cost and net realisable value. The determination of the net realisable value of these properties requires estimations, including expected future selling prices and costs necessary to complete the sale of these properties, and is assessed by the management with reference to the valuations carried out by the external property valuers for certain properties. Changes in government policies, which affect interest rates, the required reserve ratio for banks and/or mortgage requirements for second-home buyers, could lead to volatility in property prices, particularly for properties in mainland China. We identified the assessment of the net realisable value of the properties in mainland China as a key audit matter because of the significance of these properties to the Group's total assets and because the assessment of net realisable value is inherently subjective and requires significant management judgement and estimation in relation to estimating future selling prices and future construction costs which increases the risk of error or potential management bias.	Our audit procedures to assess the net realisable value of properties held for/under development for sale and completed properties for sale in mainland China, either directly held by the Group or through its joint ventures and associates, included the following: • obtaining and inspecting management's valuation assessments and/or the external valuation reports prepared by external property valuers and on which the management's assessment of the net realisable value of the properties held for/under development for sale and completed properties for sale was based; • assessing the qualifications, experience and expertise of the management and/or the external property valuers in the nature and locations of the properties being valued; • with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with management and/or the external property valuers their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuation, including expected future selling prices and costs to completion, by comparing expected future selling prices to, where available, recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development, and publicly available construction cost information for properties of a similar nature and location; and • conducting site visits to properties under development for sale, on a sample basis, to observe the development progress and evaluating the management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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 judgement and maintain professional scepticism throughout the audit. We also:

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yau Ngai Lun, Alan.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 March 2023

Consolidated Statement of Profit or Loss

for the year ended 31 December 2022

	Note	2022 HK$ million	2021 HK$ million
Revenue	6	**25,551**	23,527
Direct costs		**(15,179)**	(11,445)
		10,372	12,082
Other net income	7	**572**	3,127
Selling and marketing expenses		**(1,409)**	(1,038)
Administrative expenses		**(2,328)**	(2,181)
Profit from operations before changes in fair value of investment properties and investment properties under development		**7,207**	11,990
(Decrease)/increase in fair value of investment properties and investment properties under development	16(a)	**(12)**	59
Profit from operations after changes in fair value of investment properties and investment properties under development		**7,195**	12,049
Finance costs	8(a)	**(1,237)**	(600)
Bank interest income		**204**	109
Net finance costs		**(1,033)**	(491)
Share of profits less losses of associates		**2,662**	2,193
Share of profits less losses of joint ventures		**1,956**	1,627
Profit before taxation	8	**10,780**	15,378
Income tax	11(a)	**(1,277)**	(2,018)
Profit for the year		**9,503**	13,360
Attributable to:			
Equity shareholders of the Company		**9,239**	13,195
Non-controlling interests		**264**	165
Profit for the year		**9,503**	13,360
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)			
Basic and diluted	*14(a)*	***HK$1.91***	*HK$2.73*
Earnings per share excluding the effects of the Group's aggregate attributable share of changes in fair value of investment properties and investment properties under development (net of deferred tax) (underlying earnings per share)			
Basic and diluted	*14(b)*	***HK$1.99***	*HK$2.81*

The notes on pages 188 to 304 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 12.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Note	2022 HK$ million	2021 HK$ million
Profit for the year		**9,503**	13,360
Other comprehensive income for the year-net, after tax and reclassification adjustments:	13(a)		
Items that will not be reclassified to profit or loss:			
– Investments in equity securities designated as financial assets at fair value through other comprehensive income (non-recycling) (note 13(b))		**(31)**	(7)
– Share of other comprehensive income of associates and joint ventures		**(70)**	(49)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences (note 13(b))		**(4,307)**	1,569
– Cash flow hedges (note 13(b))		**656**	103
– Share of other comprehensive income of associates and joint ventures		**(3,908)**	1,149
Other comprehensive income for the year		**(7,660)**	2,765
Total comprehensive income for the year		**1,843**	16,125
Attributable to:			
Equity shareholders of the Company		**1,642**	15,937
Non-controlling interests		**201**	188
Total comprehensive income for the year		**1,843**	16,125

The notes on pages 188 to 304 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2022

	Note	At 31 December 2022 HK$ million	At 31 December 2021 HK$ million
Non-current assets			
Investment properties	16	**260,124**	260,241
Other property, plant and equipment	16	**4,580**	4,599
Right-of-use assets	17	**775**	507
Goodwill	18	**262**	262
Trademarks	19	**102**	106
Interest in associates	21	**50,013**	53,955
Interest in joint ventures	22	**79,911**	80,887
Derivative financial instruments	23	**1,215**	769
Other financial assets	24	**7,312**	9,103
Deferred tax assets	11(c)	**730**	698
		405,024	411,127
Current assets			
Deposits for acquisition of properties	25	**401**	801
Inventories	26	**97,258**	109,180
Trade and other receivables	27	**13,668**	16,844
Cash held by stakeholders		**2,144**	1,405
Cash and bank balances	29(a)	**11,295**	10,947
		124,766	139,177
Current liabilities			
Trade and other payables	30	**26,273**	28,480
Amounts due to related companies	35	**2,427**	111
Lease liabilities	31	**252**	290
Bank loans	32	**21,737**	30,207
Guaranteed notes	33	**8,916**	1,577
Tax payable		**869**	2,582
		60,474	63,247
Net current assets		**64,292**	75,930
Total assets less current liabilities		**469,316**	487,057

Consolidated Statement of Financial Position

at 31 December 2022

	Note	**At 31 December 2022 HK$ million**	At 31 December 2021 HK$ million
Non-current liabilities			
Bank loans	32	**38,227**	44,151
Guaranteed notes	33	**18,647**	23,804
Amount due to a fellow subsidiary	34	**56,007**	53,710
Amounts due to related companies	35	**427**	3,065
Derivative financial instruments	23	**1,153**	720
Lease liabilities	31	**557**	251
Provision for reinstatement costs		**19**	5
Deferred tax liabilities	11(c)	**9,127**	9,172
		124,164	134,878
NET ASSETS		**345,152**	352,179
CAPITAL AND RESERVES	37		
Share capital	44(c)	**52,345**	52,345
Other reserves		**275,603**	282,675
Total equity attributable to equity shareholders of the Company		**327,948**	335,020
Non-controlling interests	36	**17,204**	17,159
TOTAL EQUITY		**345,152**	352,179

Approved and authorised for issue by the Board of Directors on 21 March 2023.

Dr Lee Ka Kit
Dr Lee Ka Shing
Directors

The notes on pages 188 to 304 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

		Attributable to equity shareholders of the Company										
	Note	Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (recycling) HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2021		52,345	16	3,379	(1)	259	(136)	191	271,554	327,607	4,585	332,192
Changes in equity for 2021:												
Profit for the year		–	–	–	–	–	–	–	13,195	13,195	165	13,360
Other comprehensive income for the year	13(c)	–	–	2,700	1	(95)	101	–	35	2,742	23	2,765
Total comprehensive income for the year		–	–	2,700	1	(95)	101	–	13,230	15,937	188	16,125
Transfer to retained profits upon disposal of equity investments		–	–	–	–	(5)	–	–	5	–	–	–
Deregistration of a subsidiary		–	–	–	–	–	–	(2)	–	(2)	–	(2)
Dividend approved in respect of the previous financial year	12(b)	–	–	–	–	–	–	–	(6,294)	(6,294)	–	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	–	–	–	–	–	–	(2,421)	(2,421)	–	(2,421)
Share of associates' reserves		–	–	–	–	(3)	–	–	192	189	–	189
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(239)	(239)
Advance from non-controlling interests, net	29(b)	–	–	–	–	–	–	–	–	–	115	115
Additions due to the Group's obtaining of control in a former listed associate *(note)*		–	–	–	–	–	–	–	–	–	12,450	12,450
Reclassification from amounts due to non-controlling interests		–	–	–	–	–	–	–	–	–	72	72
Acquisition of additional equity interest in a listed subsidiary		–	–	–	–	–	–	–	4	4	(12)	(8)
Balance at 31 December 2021		52,345	16	6,079	–	156	(35)	189	276,270	335,020	17,159	352,179

Note: This relates to the non-controlling interests of Miramar Hotel and Investment Company, Limited ("Miramar") in which the Group had obtained control on 14 April 2021 (see note 5).

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Note	Attributable to equity shareholders of the Company										
		Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (recycling) HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2022		52,345	16	6,079	–	156	(35)	189	276,270	335,020	17,159	352,179
Changes in equity for 2022:												
Profit for the year		–	–	–	–	–	–	–	9,239	9,239	264	9,503
Other comprehensive income for the year	13(c)	–	–	(8,141)	–	(84)	643	–	(15)	(7,597)	(63)	(7,660)
Total comprehensive income for the year		–	–	(8,141)	–	(84)	643	–	9,224	1,642	201	1,843
Transfer to retained profits upon disposal of equity investments		–	–	–	–	14	–	–	(14)	–	–	–
Dividend approved in respect of the previous financial year	12(b)	–	–	–	–	–	–	–	(6,294)	(6,294)	–	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	–	–	–	–	–	–	(2,421)	(2,421)	–	(2,421)
Share of associates' reserves		–	–	–	–	–	–	–	1	1	–	1
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(216)	(216)
Advance from non-controlling interests, net	29(b)	–	–	–	–	–	–	–	–	–	60	60
Balance at 31 December 2022		52,345	16	(2,062)	–	86	608	189	276,766	327,948	17,204	345,152

The notes on pages 188 to 304 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2022

	Note	2022 HK$ million	2021 HK$ million
Operating activities			
Profit before taxation		**10,780**	15,378
Adjustments for:			
– Interest income		**(930)**	(1,107)
– Dividend income from investments designated as financial assets at fair value through other comprehensive income ("FVOCI") (non-recycling) and investments measured as financial assets at fair value through profit or loss ("FVPL")	8(d)	**(91)**	(116)
– Net gain on disposal of investment properties	7	**(52)**	(162)
– Net gain on disposal of other land and buildings	7	**(4)**	–
– Gain on re-measurement of previously held interest in a former associate upon obtaining of control	7	**–**	(1,889)
– Reversal of provision on inventories, net	7	**(50)**	(77)
– Impairment loss on trade debtors	7	**2**	1
– Net fair value loss/(gain) on investments measured as financial assets at FVPL	7	**253**	(174)
– Net fair value gain on derivative financial instruments at FVPL:			
Interest rate swap contracts, cross currency interest rate swap contracts, cross currency swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the year)	7	**(306)**	(259)
– Decrease/(increase) in fair value of investment properties and investment properties under development	16(a)	**12**	(59)
– Finance costs			
– On bank and other borrowings	8(a)	**3,614**	2,073
– On lease liabilities	8(a)	**36**	20
– Amount capitalised	8(a)	**(2,413)**	(1,493)
– Amortisation of trademarks	8(d)	**4**	3
– Depreciation			
– On other property, plant and equipment	8(d)	**185**	146
– On right-of-use assets	8(d)	**351**	356
– Share of profits less losses of associates		**(2,662)**	(2,193)
– Share of profits less losses of joint ventures		**(1,956)**	(1,627)
– Net foreign exchange gain		**(19)**	(24)
– Other cash flows from operating activities		**(32)**	(139)
Operating profit before changes in working capital		**6,722**	8,658
Decrease in instalments and loans receivable		**1,756**	1,748
Decrease in deposits for acquisition of properties		**396**	261
Decrease/(increase) in inventories (other than through obtaining of control in Miramar, transfer of a subsidiary, transfers to investment properties and investment properties under development and transfers from other land and buildings)		**3,789**	(7,934)
Decrease in debtors, prepayments and deposits		**3,038**	335
(Increase)/decrease in gross amount due from customers for contract work		**(23)**	1

Consolidated Cash Flow Statement

for the year ended 31 December 2022

	Note	2022 HK$ million	2021 HK$ million
Operating profit before changes in working capital (continued)			
Increase in cash held by stakeholders		**(739)**	(124)
Decrease/(increase) in cash restricted for use		**202**	(171)
Increase in creditors and accrued expenses		**273**	1,998
Increase in gross amount due to customers for contract work		**1**	2
(Decrease)/increase in rental and other deposits received		**(6)**	70
Decrease in forward sales deposits received and other contract liabilities		**(2,193)**	(2,509)
Cash generated from operations		**13,216**	2,335
Interest received		**485**	613
Tax paid			
– Hong Kong		**(586)**	(1,375)
– Outside Hong Kong		**(1,984)**	(888)
Net cash generated from operating activities		**11,131**	685
Investing activities			
Payment for purchase of investment properties and other property, plant and equipment		**(3,186)**	(54,850)
Proceeds from disposal of investment properties and other property, plant and equipment		**445**	681
Repayment from associates, net		**1,943**	1,069
Repayment from joint ventures, net		**3,457**	4,042
Additional investments in associates		**(39)**	(2)
Additional investments in joint ventures		**(64)**	(8,406)
Payment for purchase of investments measured as financial assets at FVPL		**(124)**	(2)
Payment for purchase of corporate bonds		**(9)**	(8)
Proceeds from disposal of investments in equity securities designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL		**37**	36
Net cash inflow arising from the Group's obtaining of control in a former listed associate	5	**–**	5,176
Net cash inflow in respect of the transfer of a partial interest in a wholly-owned subsidiary	39(b)	**4,126**	–
Interest received		**423**	495
Dividends received from associates		**2,767**	2,723
Dividends received from joint ventures		**1,296**	1,106
Dividends received from investments in equity securities designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL		**91**	116
Decrease/(increase) in deposits with banks and other financial institutions over three months of maturity at acquisition		**944**	(2,219)
Decrease/(increase) in structured bank deposits		**39**	(1)
Net cash generated from/(used in) investing activities		**12,146**	(50,044)

	Note	2022 HK$ million	2021 HK$ million
Financing activities			
Advance from non-controlling interests, net	29(b)	**60**	115
Proceeds from new bank loans	29(b)	**59,858**	59,777
Repayment of bank loans	29(b)	**(73,355)**	(53,341)
Proceeds from issue of guaranteed notes	29(b)	**4,269**	9,589
Repayment of guaranteed notes	29(b)	**(1,578)**	(3,074)
Increase in amount due to a fellow subsidiary	29(b)	**2,297**	49,321
(Decrease)/increase in amounts due to related companies	29(b)	**(69)**	881
Payments of principal portion of lease liabilities	29(b)	**(334)**	(389)
Interest and other borrowing costs paid	29(b)	**(3,522)**	(1,874)
Dividends paid to equity shareholders of the Company	12	**(8,715)**	(8,715)
Dividends paid to non-controlling interests		**(216)**	(239)
Net cash (used in)/generated from financing activities		**(21,305)**	52,051
Net increase in cash and cash equivalents		**1,972**	2,692
Cash and cash equivalents at 1 January		**8,104**	5,357
Effect of foreign exchange rate changes		**(414)**	55
Cash and cash equivalents at 31 December	29(a)	**9,662**	8,104

The notes on pages 188 to 304 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2022

1 General information

Henderson Land Development Company Limited ("the Company") is incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office and principal place of business is 72/F-76/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are property development and investment, operation and management of department stores and supermarket-cum-stores, hotel room operation and hotel management, construction, finance, investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation and travel operation.

2 Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as "the Group") is set out below.

2 Significant accounting policies (continued)

(b) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and HKASs that are first effective for the current accounting period of the Group and the Company, and which are relevant to the Group's consolidated financial statements for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

  The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment ("PPE") the proceeds generated from selling items produced ("products"), before such item of PPE is available for use. Instead, in such circumstances, the related sales proceeds of the products, together with the costs of producing these products as determined by HKAS 2, *Inventories*, shall be included in profit or loss.

  The amendments do not have a material impact on these financial statements as the Group does not sell products produced before an item of property, plant and equipment is available for use.

- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – costs of fulfilling a contract*

  The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

  Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

- Amendments to HKFRS 3 (Revised), *Business combinations: Reference to the Conceptual Framework*

  The amendments update the reference to the latest version of the Conceptual Framework issued in March 2018, and add an exception to the requirement for an entity to refer to the Conceptual Framework in determining what constitutes an asset or a liability. The exception relates to liabilities and contingent liabilities that would have been within the scope of HKAS 37, *Provisions, contingent liabilities and contingent assets* or HK(IFRIC)-Int 21, *Levies* if they were incurred by an entity separately, rather than being assumed by an entity in a business combination. Under the exception, when applying HKFRS 3 (Revised), an entity should apply the more specific criteria in HKAS 37 or HK(IFRIC)-Int 21 respectively (instead of the Conceptual Framework) to determine whether a present obligation exists at the date on which the liability or contingent liability has been incurred by the entity.

- Annual Improvements to HKFRSs 2018-2020 Cycle

  This package of annual improvements contains, inter alia, amendment to HKFRS 9, *Financial instruments* and amendment to an illustrative example accompanying HKFRS 16, *Leases*. The amendment to HKFRS 9 clarifies that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf, are included when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment to illustrative example 13 accompanying HKFRS 16 removes reference to a reimbursement relating to leasehold improvements, as the illustrative example had not explained clearly whether the reimbursement would meet the definition of a lease incentive under HKFRS 16.

2 Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

The Directors have assessed and considered that none of the abovementioned amendments has any material impact on the Group's financial position at 31 December 2022 or the Group's financial performance for the year then ended.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and interpretation to HKFRSs and HKASs which are not yet effective for the financial year ended 31 December 2022 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for annual periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2024
Hong Kong Interpretation 5 (Revised), *Presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause*	1 January 2024
Amendments to HKFRS 10 and HKAS 28, *Sales or contribution of assets between an investor and its associate or joint venture*	A date to be determined

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

2 Significant accounting policies (continued)

(c) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise those of the Company and its subsidiaries and have equity accounted for the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investments designated as financial assets at fair value through other comprehensive income (see note 2(g));

– investments measured as financial assets at fair value through profit or loss (see note 2(g));

– derivative financial instruments (see note 2(h)); and

– investment properties and certain investment properties under development (see note 2(j)(i)).

The preparation of these consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Given that the COVID-19 pandemic and the subsequent outbreak of Omicron variant have caused and may cause disruptions to economic activities, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly.

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and the key sources of estimation uncertainty are discussed in note 3.

2 Significant accounting policies (continued)

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

2 Significant accounting policies (continued)

(e) Associates and joint arrangements

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

A joint venture is a joint arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(n)). Any excess of acquisition-date fair value over cost, the Group's share of the post-acquisition post-tax results of the investee and any impairment loss for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not re-measured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(n)(iii)).

(ii) A joint operation is a joint arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in the joint operation by combining the assets, liabilities, revenues and expenses attributable to its interest with similar items on a line-by-line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

2 Significant accounting policies (continued)

(f) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, and is tested annually for impairment (see note 2(n)(iii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss and where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– Amortised cost, if the investment is held for the collection of contractual cash flows which represents solely payments of principal and interest. Interest income from the investment is calculated using the effective interest rate method (see note 2(x)(iii)).

– Fair value through other comprehensive income ("FVOCI") (recycling), if the contractual cash flows of the investment comprises solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income in the fair value reserve, except for the recognition in profit or loss of expected credit losses ("ECLs"), interest income (calculated using the effective interest rate method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– Fair value through profit or loss ("FVPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 Significant accounting policies (continued)

(g) Other investments in debt and equity securities (continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividend income from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as dividend income in accordance with the accounting policy set out in note 2(x)(vii).

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period, the fair value is re-measured. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(i)).

(i) Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with changes in foreign exchange rate and variable rate of certain borrowings (cash flow hedges). The Group has elected to adopt the new general hedge accounting model in HKFRS 9, *Financial instruments* on 1 July 2020. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to HKAS 39, *Financial instruments: Recognition and measurement*, and the assessment is always forward-looking. The adoption of HKFRS 9 has not had a significant impact on the consolidated financial statements of the Group in this regard because all the previous hedging relationships were revoked on 1 January 2020, prior to the Group's adoption of the new general hedge accounting model in HKFRS 9 on 1 July 2020.

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

2 Significant accounting policies (continued)

(i) Cash flow hedges (continued)

Forward element of forward foreign exchange contracts and foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. If the Group excludes the forward element of a forward foreign exchange contract or the foreign currency basis spread of a financial instrument (the "excluded elements") from the designation of a hedging instrument, then the excluded elements may be separately accounted for as a cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity to the extent that it relates to the hedged items.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

For cash flow hedges other than those covered by the preceding policy statement, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting (including when a hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point in time remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

2 Significant accounting policies (continued)

(j) Investment properties and other property, plant and equipment

(i) Investment properties and investment properties under development

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

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

(ii) Other property, plant and equipment

The following items of other property, plant and equipment are stated at cost less accumulated depreciation (see note 2(k)) and impairment losses (see note 2(n)(iii)):

– hotel properties;

– other land and buildings (except for freehold land); and

– plant and equipment.

Freehold land is stated at cost less impairment losses (see note 2(n)).

The cost of self-constructed items of other property, plant and equipment includes the costs of materials and direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs capitalised (see note 2(z)).

Gains or losses arising from the retirement or disposal of an item of other property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to profit or loss.

2 Significant accounting policies (continued)

(k) Depreciation

(i) Investment properties, investment properties under development and freehold land

No depreciation is provided on investment properties, investment properties under development and freehold land.

(ii) Other land and buildings (except for freehold land) and hotel properties

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Cost of buildings thereon is depreciated on a straight-line basis over the unexpired terms of the respective leases or 40 years, if shorter.

Hotel properties are depreciated on a straight-line basis over the remaining lease terms.

(iii) Plant and equipment

Depreciation is calculated to write off the cost of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Leasehold improvements, furniture and fixtures	4 to 14 years
–	Others	4 to 14 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(iv) Right-of-use assets

Depreciation charge on the right-of-use assets is recognised using the straight-line method over a period of 2 years to 8 years, being the period from the date of the commencement/modification of a lease (other than a short-term lease and a lease of low-value asset of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable) to the end of the term of the lease, taking into consideration any renewal options attaching thereto (if any).

(l) Trademarks

Trademarks are recognised due to consolidation of Miramar upon obtaining of control on 14 April 2021 (see note 5). Trademarks are recognised in relation to the hotel operation (comprising hotel room operation and hotel management), food and beverage operation and travel operation of Miramar.

The trademark of Miramar's hotel operation has an indefinite useful life, and is assessed for impairment (see note 2(n)(iii)) annually by measuring its recoverable amount at the end of each reporting period and by comparison against its carrying amount on the same date.

The trademarks of Miramar's food and beverage operation and travel operation have finite useful lives, and are stated at cost less accumulated amortisation which is provided to write off the cost of such trademarks using the straight-line method over (i) a period of 20 years in relation to the trademarks of food and beverage operation; and (ii) a period of 30 years in relation to the trademarks of travel operation, commencing from the date on which these trademarks were recognised in the Group's consolidated financial statements, and both the period and method of amortisation are reviewed annually.

2 Significant accounting policies (continued)

(m) Leased assets

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for monetary consideration payable by the recipient of such right (i.e. the lessee). The right to control an identified asset is conveyed when the lessee has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Under HKFRS 16, at the lease commencement date, the Group (as the lessee) recognises a right-of-use asset and a lease liability, except for (i) short-term leases that have lease term of 12 months or less; and (ii) leases of low-value assets to which the "practical expedient" under HKFRS 16 is applicable. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

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

The lease liability is also re-measured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (i.e. "lease modification") that is not accounted for as a separate lease. In this case, the lease liability is re-measured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are COVID-19-related rent concessions, which are rent concessions that arose as a direct consequence of the COVID-19 pandemic and where all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022, being the extended time limit pursuant to the Amendment to HKFRS 16, *COVID-19-related rent concessions beyond 30 June 2021*; and

(c) there is no substantive change to other terms and conditions of the lease.

2 Significant accounting policies (continued)

(m) Leased assets (continued)

The Group as a lessee applies the practical expedient to all qualifying COVID-19-related-rent concessions to elect not to assess whether such rent concessions are lease modifications and account for such rent concessions as if they were not lease modifications.

When a lease is capitalised, the right-of-use asset recognised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site at which it is located, discounted to their present value and less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(k)(iv) and 2(n)(iii) respectively), except for the right-of-use asset that meets the definition of an investment property (see note 2(j)) and an inventory (see note 2(o)). Depreciation on the right-of-use asset is determined over the period from the commencement date of the lease to the end of the term of the lease, taking into consideration any renewal options attaching thereto. The Group presents the right-of-use asset that does not meet the definition of an investment property separately from the lease liabilities in the consolidated statement of financial position.

(n) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates and joint ventures, and corporate bonds, instalments receivable and loans receivable classified under non-current assets);
- contract assets as defined in HKFRS 15, *Revenue from contracts with customers* (see note 2(p));
- debt securities measured at FVOCI (recycling);
- lease receivables (which is included under “Trade receivables” within trade and other receivables); and
- loan commitments issued, which are not measured at FVPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling), unlisted investment fund and derivative financial assets, are not subject to the ECL assessment.

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan; and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable;

– loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(x)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Credit losses from financial guarantees issued

The accounting policy for financial guarantees is set out in note 2(w)(i).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “Trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increases in credit risk as described in note 2(n)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(iii) Impairment of other assets

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

- other property, plant and equipment;
- right-of-use assets;
- goodwill;
- trademarks; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount
  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses
  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable), or value in use (if determinable).

- Reversals of impairment losses
  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(iv) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which such interim period relates.

(o) Inventories

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

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties held for/under development for sale

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of production overheads and borrowing costs capitalised (see note 2(z)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties for sale

The cost of completed properties for sale comprises the total land and development costs for that project, being all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined by apportionment attributable to the unsold properties at the end of the reporting period. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

(iv) Retail, catering stocks, trading goods and consumable stores

Cost is calculated using the weighted average cost formula and comprises all costs of purchase. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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

2 Significant accounting policies (continued)

(p) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

A contract asset is recognised when the Group recognises contract revenue (see note 2(x)(iv)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(n)(i) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related contract revenue (see note 2(x)(iv)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related contract revenue. In such cases, a corresponding receivable would also be recognised (see note 2(q)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(q) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(p)).

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, less allowance for credit losses (see note 2(n)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses.

(r) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest rate method.

(s) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. They are classified as current liabilities if the payment is due within 12 months from the end of the reporting period (or in the normal operating cycle of the business if longer).

Except for financial guarantee liabilities measured in accordance with note 2(w)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 Significant accounting policies (continued)

(t) Cash and cash equivalents

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

(u) Employee benefits

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

(v) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2 Significant accounting policies (continued)

(v) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to realise the assets and settle the current tax liabilities on a net basis, or to realise the current tax assets and settle the current tax liabilities simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis, or to realise the current tax assets and settle the current tax liabilities simultaneously.

2 Significant accounting policies (continued)

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(x) Revenue recognition

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised in the Group's consolidated statement of profit or loss on the basis that control over the ownership of the property has been passed to the customer during the current accounting period, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all the benefits of ownership of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under forward sales deposits received.

(ii) Rental income from leases

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

2 Significant accounting policies (continued)

(x) Revenue recognition (continued)

(iii) Interest income

Interest income is recognised as it accrues using the effective interest rate method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of allowance) of the asset.

(iv) Contract revenue

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 2(w)(ii).

(v) Hotel, food and beverage and travel operations

Income from hotel room operation is recognised over time whilst income from hotel management (other than hotel room operation) and income from food and beverage and travel operations are recognised at a point in time when the relevant services are provided.

(vi) Department stores and supermarket-cum-stores operations

Revenue arising from the sale of goods from department stores and supermarket-cum-stores operations is recognised at a point in time when the Group sells a product to the customer, which is taken to be the point in time when the customer has obtained control of the goods sold. Revenue is recognised after deduction of any trade discounts. Commission income from consignment and concessionaire counters is recognised at a point in time of the sale of goods by counter suppliers. Promotion income is recognised over time when the services are provided.

(vii) Dividend income

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(viii) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and all the attached conditions (if any) will be complied with. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2 Significant accounting policies (continued)

(y) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

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

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

(z) Borrowing costs

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

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

(aa) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.

2 Significant accounting policies (continued)

(aa) Related parties (continued)

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

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

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

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

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

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

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

(ab) Segment reporting

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

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

3 Accounting estimates and judgements

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties and certain investment properties under development

As described in note 16, investment properties and certain investment properties under development are stated at fair value based on the valuation performed by a firm of professional surveyors.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Certain investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

(b) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from property surveyors and internally available information, as bases for evaluation.

In respect of leasehold land held for development for sale and properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to the estimated future cash flows to be derived from those properties. These estimates require judgement as to the anticipated selling prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

(c) Impairment of non-current assets

If circumstances indicate that the carrying amounts of non-current assets may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from the continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(d) Recognition of deferred tax assets

At 31 December 2022 and 31 December 2021, the Group has recognised deferred tax assets in relation to the unused tax losses and deductible temporary differences as set out in note 11(c). The realisability of deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised, in which case a partial reversal of deferred tax assets may arise and which amount will be recognised in profit or loss for the period in which such a reversal takes place.

4 Financial risk management and fair values of financial instruments

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

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, derivative financial instruments as well as instalments, loans, rental and other trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Transactions involving derivative financial instruments are also executed with counterparties of sound credit standing. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and loans receivable which enable management to assess their recoverability and to minimise the exposure to credit risk. In relation to property sales for which the buyers have entered into mortgage loans advanced by the Group, management mitigates the credit risk by holding collateral in the form of properties to cover the amounts of mortgage loans advanced by the Group to the property buyers. In respect of rental income from leasing properties, monthly rents are received in advance and sufficient rental deposits are held to cover potential exposure to credit risk. For other trade receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer, and (i) for property sales transactions, credit terms are granted to buyers in accordance with the sales plans of the projects; and (ii) for property leasing transactions, credit terms granted to tenants generally ranged between 30 days and 60 days from the due date. As such, the Group does not obtain collateral from its customers. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with the receivables. Adequate allowances for impairment losses have been made for estimated irrecoverable amounts.

The Group has made advances to certain of its associates and joint ventures in mainland China which are interest-bearing, unsecured and have various repayment dates. Management assesses the credit risk on the loans receivable from such associates and joint ventures based on their financial conditions and the profitability of the projects operated by such associates and joint ventures, as well as the counterparty risks of the joint venture partners with reference to their credit ratings.

The Group has no concentrations of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Except for the financial guarantees given by the Group as disclosed in note 42 to these financial statements, the Group does not provide any other guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 27 to these financial statements.

4 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Given that the COVID-19 pandemic and the subsequent outbreak of Omicron variant have caused and may cause disruptions to economic activities, the Group has adopted appropriate policies for its liquidity risk management practices which take into account the use of alternative sources of funding where necessary. This includes the Group's available cash and bank balances (see note 29(a)), the Group's investments in listed securities (see note 24) which are realisable into cash, the committed and uncommitted banking facilities available to the Group (see note 32), and the capacity for the issuance of guaranteed notes under the Group's Medium Term Note Programme (see note 33).

4 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

Given the amount due to a fellow subsidiary (see note 34), amounts due to certain associates and certain joint ventures (see note 30) have no fixed terms of repayment, it is not practical to disclose their remaining contractual maturities at the end of the reporting period. Except for these, the following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group can be required to pay:

	2022 Contractual undiscounted cash outflow						2021 Contractual undiscounted cash outflow					
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million
Bank loans	23,504	18,799	14,605	7,354	64,262	59,964	30,801	12,301	13,352	19,604	76,058	74,358
Guaranteed notes	9,592	6,516	7,393	6,467	29,968	27,563	2,240	9,855	8,945	7,155	28,195	25,381
Lease liabilities	283	164	306	152	905	809	304	169	97	–	570	541
Creditors and accrued expenses	8,581	–	–	–	8,581	8,581	8,582	–	–	–	8,582	8,582
Rental and other deposits received	819	486	513	87	1,905	1,905	816	549	526	75	1,966	1,966
Amounts due to associates and joint ventures	2,947	–	–	–	2,947	2,894	2,466	–	–	–	2,466	2,426
Amounts due to related companies	2,504	432	–	–	2,936	2,854	111	2,724	552	–	3,387	3,176
	48,230	26,397	22,817	14,060	111,504	104,570	45,320	25,598	23,472	26,834	121,224	116,430

	2022 Contractual undiscounted cash inflow/(outflow)					2021 Contractual undiscounted cash inflow/(outflow)				
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million
Derivative settled net:										
Interest rate swap contracts held as cash flow hedging instruments:	189	190	331	129	839	(80)	(80)	(169)	(79)	(408)
Other interest rate swap contracts	61	70	66	47	244	(116)	(109)	(79)	67	(237)
Derivative settled gross:										
Cross currency interest rate swap contracts held as cash flow hedging instruments:										
– outflow	(6,674)	(1,402)	(10,914)	(2,713)	(21,703)	(2,684)	(6,451)	(9,772)	(3,935)	(22,842)
– inflow	6,191	1,107	9,854	2,567	19,719	2,965	6,721	9,822	3,938	23,446
Other cross currency interest rate swap contracts and cross currency swap contract:										
– outflow	(29)	(446)	(84)	–	(559)	(165)	(3)	(88)	–	(256)
– inflow	18	439	85	–	542	166	4	90	–	260

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk

At 31 December 2022 and 31 December 2021, the Group's borrowings, namely, bank loans and guaranteed notes, were denominated in Hong Kong dollars ("HK$" or "HKD") as well as foreign currencies such as United States dollars ("US$" or "USD"), Renminbi ("RMB"), Japanese Yen ("¥" or "JPY") and Australian dollars ("AUD"). Certain of these borrowings also bear floating interest rates during their tenure. Therefore, foreign currency risk and/or interest rate risk arise(s) during the tenure of these borrowings.

The Group hedges the foreign currency risk and the interest rate risk of its borrowings by way of (i) cross currency interest rate swap contracts; (ii) cross currency swap contracts; (iii) interest rate swap contracts; and (iv) foreign exchange forward contracts which were entered into between the Group and certain counterparty banks.

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

Set out below is a table which summarises the Group's hedging arrangement in relation to the Group's borrowings at 31 December 2022 and 31 December 2021:

	2022				2021			
			Notional amount				Notional amount	
Hedged item	Denominating currency	Hedging risk category	in original currency million	in HKD million	Denominating currency	Hedging risk category	in original currency million	in HKD million
(I) Hedging arrangement at the end of the reporting period								
(a) Under cash flow hedge								
Bank loans					HKD	(i)	1,000	1,000
	RMB	(ii)	**2,000**	**2,243**	RMB	(ii)	2,000	2,447
	JPY	(iii)	**58,000**	**3,423**	JPY	(iii)	58,000	3,931
					AUD	(iii)	436	2,466
Guaranteed notes	HKD	(i)	**968**	**968**	HKD	(i)	968	968
	RMB	(ii)	**4,932**	**5,532**	RMB	(ii)	4,532	5,545
	USD	(ii)	**630**	**4,913**	USD	(ii)	630	4,913
	USD	(iii)	**300**	**2,339**	USD	(iii)	300	2,339
	JPY	(iii)	**1,994**	**117**	JPY	(iii)	1,994	135
Sub-total: under cash flow hedge				**19,535**				23,744
(b) Under economic hedge								
Bank loans	HKD	(i)	**6,350**	**6,350**	HKD	(i)	5,850	5,850
					RMB	(iii)	1,116	1,366
Guaranteed notes	HKD	(i)	**2,915**	**2,915**	HKD	(i)	2,915	2,915
	USD	(ii)	**65**	**507**	USD	(ii)	10	78
					USD	(iii)	20	156
Sub-total: under economic hedge				**9,772**				10,365
Total: Hedging arrangement at the end of the reporting period				**29,307**				34,109

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

	2022				2021			
			Notional amount				Notional amount	
Hedged item	**Denominating currency**	**Hedging risk category**	**in original currency million**	**in HKD million**	Denominating currency	Hedging risk category	in original currency million	in HKD million
(II) No hedging arrangement at the end of the reporting period								
Bank loans	HKD		**48,026**	**48,026**	HKD		57,373	57,373
Guaranteed notes	HKD		**10,319**	**10,319**	HKD		8,391	8,391
Total: No hedging arrangement at the end of reporting period				**58,345**				65,764
				87,652				99,873
Less: Deferred expenditure set-off				**(125)**				(134)
Total bank and other borrowings (in HKD equivalent)				**87,527**				99,739
Represented by:								
Bank loans			**(note 32)**	**59,964**			(note 32)	74,358
Guaranteed notes			**(note 33)**	**27,563**			(note 33)	25,381
Total bank and other borrowings (in HKD equivalent)				**87,527**				99,739

Notes:

Category (i) : Interest rate risk was being hedged

Category (ii) : Foreign currency risk was being hedged

Category (iii) : Foreign currency and interest rate risks were being hedged

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

As referred to in the table above, (i) "cash flow hedge" refers to the hedging relationship between the Group's hedging instrument (being the swap contract) and hedged item (being the borrowing) under which hedge effectiveness is ensured and hence the Group applies hedge accounting; and (ii) "economic hedge" refers to the hedging relationship between the Group's hedging instrument (being the swap contract and foreign exchange forward contract) and hedged item (being the borrowing) under which the Group does not apply hedge accounting.

Further details regarding the Group's financial risk management over the foreign currency risk and interest rate risk of the Group's financial assets and financial liabilities are referred to in note 4(d) and note 4(e) respectively.

(d) Foreign currency risk

The Group owns assets and conducts its businesses primarily in Hong Kong and mainland China with its cash flows substantially denominated in Hong Kong dollars and Renminbi, respectively. The Group reports its results in Hong Kong dollars.

The Group's primary foreign currency exposure arises from its property development and investment activities in mainland China, as the functional currency of these operations is Renminbi. Where appropriate and cost efficient, the Group seeks to finance these investments by Renminbi borrowings with reference to the future Renminbi funding requirements from the investments and the related returns to be generated therefrom, and thereby establishing a natural hedge against any foreign currency risk arising from assets and liabilities denominated in Renminbi.

The Group is also exposed to foreign currency risk in respect of cash deposits denominated in United States dollars, Pound sterling("£"), Renminbi and other currencies (all of which were not hedged at 31 December 2022 and 31 December 2021, except for a substantial portion of cash deposits denominated in Pound sterling at 31 December 2021). At 31 December 2022, the Group's cash deposits denominated in United States dollars amounted to US$103 million which was equivalent to HK$805 million (2021: US$104 million which was equivalent to HK$809 million). The Group does not expect that there will be any significant foreign currency risk associated with the aforementioned cash deposits denominated in United States dollars given that the Hong Kong dollar is pegged to the United States dollar. At 31 December 2022, the Group's cash deposits denominated in Renminbi and Pound sterling amounted to RMB3,129 million which was equivalent to HK$3,503 million and £32 million which was equivalent to HK$302 million respectively (2021: RMB1,570 million which was equivalent to HK$1,920 million and £97 million which was equivalent to HK$1,024 million but of which an equivalent amount of HK$1,020 million was hedged by way of foreign exchange forward contracts at 31 December 2021). Since such cash deposits denominated in Renminbi and Pound sterling were not hedged against the foreign currency risk arising from the difference in the exchange rates between Renminbi and Hong Kong dollar as well as Pound sterling and Hong Kong dollar at the beginning and the end of the reporting period, the Group recognises an exchange gain or loss in the event of an appreciation or a depreciation of Renminbi and Pound sterling against Hong Kong dollar during the reporting period. For cash deposits denominated in other currencies (other than the substantial portion of cash deposits denominated in Pound sterling which was hedged at 31 December 2021), since the balances were insignificant, the Group considered the exposure to foreign currency risk to be low.

4 Financial risk management and fair values of financial instruments (continued)

(d) Foreign currency risk (continued)

(i) Hedging

The following tables summarise and demonstrate the profile of the Group's hedging instruments at 31 December 2022 and 31 December 2021, as referred to in note 23, which provide cash flow hedge to the Group's bank loans and guaranteed notes during the years then ended.

	2022		
Currency	**Weighted average fixed interest rate**	**Weighted average exchange rate against HKD**	**Maturity profiles**
RMB	**1.57%**	**1.176**	**Within 1 year, 1 to 2 years or 2 to 5 years**
USD	**2.68%**	**7.783**	**2 to 5 years or after 5 years**
JPY	**2.54%**	**0.072**	**2 to 5 years or after 5 years**
HKD	**1.51%**	**Not applicable**	**1 to 2 years or 2 to 5 years**

	2021		
Currency	Weighted average fixed interest rate	Weighted average exchange rate against HKD	Maturity profiles
RMB	1.55%	1.173	2 to 5 years
USD	2.68%	7.783	2 to 5 years or after 5 years
JPY	2.54%	0.072	2 to 5 years or after 5 years
AUD	2.22%	5.274	Within 1 year
HKD	1.51%	Not applicable	2 to 5 years

The hedging instruments, which were stated at fair value at 31 December 2022 (both assets and liabilities), are shown in note 23 "Derivative financial instruments".

The Group's hedging objective is to hedge the foreign currency exposure to the cash flows variability arising from the interest/coupon payments and principal repayments of the bank loans and guaranteed notes, as a result of the movements in the exchange rates between Hong Kong dollar (being the issuing entity's functional currency) and Renminbi, United States dollar, Japanese Yen and Australian dollar during the tenure and upon the maturity of such bank loans and guaranteed notes, so as to ensure cash flow certainty in Hong Kong dollar terms over a significant proportion of the Group's bank loans and guaranteed notes denominated in foreign currencies whilst the Group's overall effective financing cost could be maintained at a reasonably low level. Under the Group's cash flow hedge arrangement, the terms of the hedging instruments basically match with the terms of the hedged items, and the Group expects the value of the hedging instruments to move in the opposite direction as compared to the value of the hedged items, and thereby ensures hedge effectiveness. Therefore, the Group applies a hedge ratio of 1:1.

The main source of hedge ineffectiveness in these hedging relationships principally arises from any late designation of the hedging instrument.

4 Financial risk management and fair values of financial instruments (continued)

(d) Foreign currency risk (continued)

(i) Hedging (continued)

The following tables set out the Group's net exposure at the end of the reporting period to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rates at 31 December 2022 and 31 December 2021:

	2022			
	Exposure to foreign currencies in relation to assets and liabilities for which no hedge accounting is applied (expressed in HK$ million)			
	United States dollars	**Renminbi**	**Euro dollars**	**Pound sterling**
Cash and cash equivalents	**805**	**3,503**	**3**	**302**
Guaranteed notes (note 4(c))	**(507)**	**–**	**–**	**–**
Amounts due to related companies (note 35)	**–**	**(2,854)**	**–**	**–**
Gross exposure arising from recognised assets and liabilities	**298**	**649**	**3**	**302**
Less:				
Notional amounts of cross currency interest rate swap contracts and cross currency swap contract designated as economic hedge	**(507)**	**–**	**–**	**–**
Net exposure arising from recognised assets and liabilities (for which no hedge arrangement has been made)	**805**	**649**	**3**	**302**

4 Financial risk management and fair values of financial instruments (continued)

(d) Foreign currency risk (continued)

(i) *Hedging (continued)*

	2021 Exposure to foreign currencies in relation to assets and liabilities for which no hedge accounting is applied (expressed in HK$ million)			
	United States dollars	Renminbi	Euro dollars	Pound sterling
Cash and cash equivalents	809	1,920	9	1,024
Bank loans (note 4(c))	–	(1,366)	–	–
Guaranteed notes (note 4(c))	(234)	–	–	–
Amounts due to related companies (note 35)	–	(3,176)	–	–
Gross exposure arising from recognised assets and liabilities	575	(2,622)	9	1,024
Less:				
Notional amounts of cross currency interest rate swap contracts designated as economic hedge	(234)	–	–	–
Notional amounts of foreign exchange forward contracts in relation to bank loans designated as economic hedge	–	(1,366)	–	–
Notional amounts of foreign exchange forward contracts in relation to cash and cash equivalents	–	–	–	1,020
Net exposure arising from recognised assets and liabilities (for which no hedge arrangement has been made)	809	(1,256)	9	4

(ii) *Sensitivity analysis*

Assuming that the relevant foreign currencies had strengthened/weakened by not more than 5% (2021: 5%) at 31 December 2022 and the changes had been applied to each of the Group entities' exposure to foreign currency risk for both derivative and non-derivative financial instruments denominated in a currency other than the functional currency of the entity to which they relate and in existence at that date, with all other variables held constant, the Group's profit after tax and total equity attributable to equity shareholders of the Company would increase/decrease by HK$58 million (2021: HK$28 million).

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2021.

4 Financial risk management and fair values of financial instruments (continued)

(e) Interest rate risk

(i) Hedging

For the profile of the Group's hedging instruments of interest rate swap contracts and cross currency interest rate swap contracts at 31 December 2022 and 31 December 2021 as referred to in note 23 and which provide cash flow hedge and economic hedge to the Group's bank loans and guaranteed notes during the two years then ended, please refer to note 4(d) under foreign currency risk above.

The hedging instruments, which were stated at fair value at 31 December 2022 (both assets and liabilities), are shown in note 23 "Derivative financial instruments".

The Group's hedging objective is to hedge the interest rate exposure to the cash flows variability arising from the interest/coupon payments and principal repayments of the bank loans and guaranteed notes, denominated in Hong Kong dollars, as a result of the movements in the benchmark interest rates during the tenure and upon the maturity of such bank loans and guaranteed notes, so as to ensure cash flow certainty in Hong Kong dollar terms over a significant proportion of the Group's bank loans and guaranteed notes denominated in Hong Kong dollars whilst the Group's overall effective financing cost could be maintained at a reasonably low level. Under the Group's cash flow hedge arrangement, the terms of the hedging instruments basically match with the terms of the hedged items, and the Group expects the value of the hedging instruments to move in the opposite direction as compared to the value of the hedged items, and thereby ensures hedge effectiveness. Therefore, the Group applies a hedge ratio of 1:1.

The main source of hedge ineffectiveness in these hedging relationships principally arises from any late designation of the hedging instrument.

4 Financial risk management and fair values of financial instruments (continued)

(e) Interest rate risk (continued)

(ii) Interest rate profile

The following tables detail the interest rate profile of the Group's bank loans and guaranteed notes after taking into account the effect of swap contracts, and of the lease liabilities, amount due to a fellow subsidiary and amounts due to related companies at the end of the reporting period.

	2022		
	Fixed/ floating	**Effective interest rate per annum**	**Amount HK$ million**
Lease liabilities	**Fixed**	**4.11%**	**809**
Bank loans	**Floating**	**3.83%-6.78%**	**42,981**
Bank loans	**Fixed**	**1.31%-5.23%**	**16,983**
Guaranteed notes	**Floating**	**4.15%-5.97%**	**2,528**
Guaranteed notes	**Fixed**	**1.00%-4.80%**	**25,035**
Amount due to a fellow subsidiary	**Floating**	**2.98%-5.43%**	**56,007**
Amounts due to related companies	**Fixed**	**3.80%**	**2,854**

	2021		
	Fixed/ floating	Effective interest rate per annum	Amount HK$ million
Lease liabilities	Fixed	3.21%	541
Bank loans	Floating	0.61%-1.05%	51,041
Bank loans	Fixed	1.35%-3.65%	23,317
Guaranteed notes	Fixed	1.00%-5.74%	25,381
Amount due to a fellow subsidiary	Floating	0.72%-0.93%	53,710
Amounts due to related companies	Fixed	3.80%	3,176

(iii) Sensitivity analysis

Assuming that the interest rates had generally increased/decreased by not more than 100 basis points (2021: 100 basis points) at 31 December 2022 and the changes had been applied to the exposure to interest rate risk for both derivative and non-derivative financial liabilities in existence at that date, with all other variables held constant, the Group's profit after tax and total equity attributable to equity shareholders of the Company would decrease/increase by HK$201 million (2021: HK$180 million).

The sensitivity analysis above assumes the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2021.

4 Financial risk management and fair values of financial instruments (continued)

(f) Movements in hedging reserve and cost of hedging reserve

The following tables provide a reconciliation of the hedging reserve in respect of the foreign currency and interest rate risks and show the effectiveness of the hedging relationships:

	Foreign currency and interest rate risks *(Note)* HK$ million	Interest rate risk *(Note)* HK$ million	Total HK$ million
Balance at 1 January 2022	**(17)**	**10**	**(7)**
Effective portion of the changes in fair value of hedging instruments recognised in other comprehensive income (below)	**(696)**	**124**	**(572)**
Other amounts reclassified to profit or loss	**(71)**	**–**	**(71)**
Reclassified to interest expenses	**76**	**(7)**	**69**
Reclassified to exchange differences	**1,401**	**–**	**1,401**
Related tax	**(117)**	**(19)**	**(136)**
Movement during the year	**593**	**98**	**691**
Balance at 31 December 2022	**576**	**108**	**684**
Change in fair value of hedged items during the year	**(696)**	**124**	**(572)**
Less:			
Hedge ineffectiveness recognised in profit or loss	**–**	**–**	**–**
Effective portion of the cash flow hedge recognised in other comprehensive income (above) (note 13(b))	**(696)**	**124**	**(572)**

	Foreign currency and interest rate risks *(Note)* HK$ million	Interest rate risk *(Note)* HK$ million	Total HK$ million
Balance at 1 January 2021	(281)	(13)	(294)
Effective portion of the changes in fair value of hedging instruments recognised in other comprehensive income (below)	(407)	22	(385)
Other amounts reclassified to profit or loss	(21)	–	(21)
Reclassified to interest expenses	102	6	108
Reclassified to exchange differences	642	–	642
Related tax	(52)	(5)	(57)
Movement during the year	264	23	287
Balance at 31 December 2021	(17)	10	(7)
Change in fair value of hedged items during the year	(407)	22	(385)
Less:			
Hedge ineffectiveness recognised in profit or loss	–	–	–
Effective portion of the cash flow hedge recognised in other comprehensive income (above) (note 13(b))	(407)	22	(385)

4 Financial risk management and fair values of financial instruments (continued)

(f) Movements in hedging reserve and cost of hedging reserve (continued)

The carrying balances of the hedging reserve at 31 December 2022 and 31 December 2021 relate to the Group's continuing cash flow hedge.

Note:

The foreign currency and interest rate risks are hedged by cross currency interest rate swap contracts, and the interest rate risk is hedged by interest rate swap contracts.

The following table provides a reconciliation of the cost of hedging reserve in respect of the foreign currency and interest rate risks and shows the effectiveness of the hedging relationships:

	Foreign currency basis spread HK$ million
Balance at 1 January 2021	134
Fair value change on hedging instruments (note 13(b))	(101)
Reclassification adjustments for amounts transferred to profit or loss (note 13(b))	(120)
Related tax	37
Movement during the year	(184)
Balance at 31 December 2021	(50)
Balance at 1 January 2022	**(50)**
Fair value change on hedging instruments (note 13(b))	**46**
Reclassification adjustments for amounts transferred to profit or loss (note 13(b))	**(88)**
Related tax	**7**
Movement during the year	**(35)**
Balance at 31 December 2022	**(85)**

The carrying balances of the cost of hedging reserve at 31 December 2022 and 31 December 2021 relate to the Group's continuing cash flow hedge.

For the year ended 31 December 2022, the abovementioned increase in the hedging reserve of HK$691 million (after tax) (2021: HK$287 million) and the abovementioned decrease in the cost of hedging reserve of HK$35 million (after tax) (2021: HK$184 million) amount in aggregate to a net increase of HK$656 million (2021: HK$103 million) in the Group's other comprehensive income, in the nature of cash flow hedges which may be reclassified subsequently to profit or loss during the year (note 13(b)).

4 Financial risk management and fair values of financial instruments (continued)

(g) Price risk

The Group is exposed to risks arising from price and fair value changes in relation to investments designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL (see note 24).

Listed investments held in the portfolio have been chosen based on their long term growth potential and returns and are monitored regularly for performance against expectations. At 31 December 2022, assuming that the market value of the Group's listed investments designated as financial assets at FVOCI (non-recycling) had increased/decreased by not more than 10% (2021: 10%), with all other variables held constant, the total equity attributable to equity shareholders of the Company would increase/decrease by HK$7 million (2021: HK$12 million). Any increase or decrease in the market value of the Group's listed investments designated as financial assets at FVOCI (non-recycling) would not affect the Group's profit after tax. Assuming that the market value of the Group's listed investments measured as financial assets at FVPL had increased/decreased by not more than 10% (2021: 10%), with all other variables held constant, the Group's profit after tax and the total equity attributable to equity shareholders of the Company would increase/decrease by HK$113 million (2021: HK$137 million).

The sensitivity analysis above assumes that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to price risk at the end of the reporting period. It is also assumed that the fair value of the Group's financial investments would change in accordance with the historical correlation with the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2021.

(h) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

4 Financial risk management and fair values of financial instruments (continued)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2022	Fair value measurements at 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
	HK$ million	HK$ million	HK$ million	HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 24)	**35**	–	–	35
– Listed (note 24)	**68**	68	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 24)	**1,132**	1,132	–	–
Financial assets measured at FVPL (note 27)	**450**	1	57	392
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	**131**	–	131	–
– Interest rate swap contracts (note 23)	**1,137**	–	1,137	–
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	**1,003**	–	1,003	–
– Cross currency swap contract (note 23)	**19**	–	19	–
– Interest rate swap contracts (note 23)	**335**	–	335	–
– Foreign exchange forward contracts (note 23)	**1**	–	1	–

4 Financial risk management and fair values of financial instruments (continued)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2021	Fair value measurements at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
	HK$ million	HK$ million	HK$ million	HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 24)	59	–	–	59
– Listed (note 24)	124	124	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 24)	1,364	1,364	–	–
Financial assets measured at FVPL (note 27)	388	1	61	326
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	722	–	722	–
– Interest rate swap contracts (note 23)	204	–	204	–
– Foreign exchange forward contracts (note 23)	26	–	26	–
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	351	–	351	–
– Interest rate swap contracts (note 23)	380	–	380	–
– Foreign exchange forward contracts (note 23)	25	–	25	–

During the years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period during which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair values of cross currency interest rate swap contracts, cross currency swap contract, interest rate swap contracts and foreign exchange forward contracts 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.

4 Financial risk management and fair values of financial instruments (continued)

(h) Fair value measurement (continued)

(ii) Financial assets and liabilities measured at other than fair value

The carrying amounts of the Group's financial instruments measured at cost or amortised cost are not materially different from their fair values at 31 December 2022 and 31 December 2021 except as follows:

– **Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures**

Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures are unsecured, interest-free and have no fixed terms of repayment. Given these terms it is not meaningful to quantify their fair values and therefore they are stated at cost.

5 Increase in the Group's interest in Miramar during the corresponding year ended 31 December 2021

On 14 April 2021, the Company announced that upon completion of the settlement process of the Group's acquisition of 103,000 shares in the issued share capital of Miramar ("Miramar Shares") on the open market on 14 April 2021 for an aggregate consideration of HK$1,574,040 (exclusive of transaction costs) (the "Acquisition"), the Company indirectly held 345,494,980 Miramar Shares in aggregate which represented approximately 50.002% of the total number of issued Miramar Shares. During the period from 15 April 2021 to 31 December 2021, the Group further acquired an aggregate of 505,000 Miramar Shares on the open market. At 31 December 2021, the Company indirectly held 345,999,980 Miramar Shares in aggregate which represented approximately 50.075% of the total number of issued Miramar Shares. Prior to the Acquisition, the Company indirectly held 345,391,980 Miramar Shares in aggregate which represented approximately 49.987% of the total number of issued Miramar Shares.

As a result of the Acquisition and during the corresponding year ended 31 December 2021, (i) Miramar was an associate of the Group for the period from 1 January 2021 to 13 April 2021 (both dates inclusive), and the financial results of Miramar for such period were accounted for in the Group's consolidated financial statements for the same period under the equity method of accounting; and (ii) Miramar became an indirect non-wholly owned subsidiary of the Company commencing from 14 April 2021, and the financial results of Miramar for the period from 14 April 2021 to 31 December 2021 (both dates inclusive) were consolidated into the Group's consolidated financial statements for the corresponding year ended 31 December 2021.

For the corresponding year ended 31 December 2021, the Group recognised as "other income" a one-off gain on re-measurement of previously held interest in Miramar upon obtaining of control in the aggregate amount of HK$1,889 million (see note 7), which comprised (i) a gain of HK$1,887 million on the re-measurement of the Group's approximately 49.987% equity interest previously held in Miramar prior to the Acquisition; and (ii) a gain on bargain purchase of HK$2 million upon completion of the settlement process of the Acquisition.

During the year ended 31 December 2022, the Group had not acquired any Miramar Shares on the open market and as a result, at 31 December 2022, the Group maintained its beneficial shareholding of approximately 50.075% in Miramar. Therefore, during the year ended 31 December 2022, Miramar was an indirect non-wholly owned subsidiary of the Company and the financial results of Miramar for the year were consolidated into the Group's consolidated financial statements for the same year.

5 Increase in the Group's interest in Miramar during the corresponding year ended 31 December 2021 (continued)

The fair value of the assets acquired and the liabilities assumed in relation to Miramar as at the date of the Acquisition, which resulted in the Group's recognition of a gain on bargain purchase of HK$2 million as referred to above, were as follows:

	HK$ million
Investment properties	17,029
Other property, plant and equipment	3,474
Right-of-use assets	55
Interest in associates	1
Trademarks	109
Equity securities designated at fair value through other comprehensive income	71
Financial assets measured at fair value through profit or loss	62
Deferred tax assets	13
Inventories	144
Trade and other receivables	191
Cash and bank balances	5,178
Trade and other payables	(297)
Bank loan	(3)
Rental deposits received	(257)
Contract liabilities	(71)
Lease liabilities	(70)
Tax payable	(20)
Deferred tax liabilities	(858)
Non-controlling interests	(150)
Fair value of identifiable net assets	24,601
Gain on bargain purchase	(2)
	24,599
Represented by:	
Fair value of the consideration transferred for the Company to gain control over Miramar on the date of the Acquisition	2
Re-measured consolidated net assets of Miramar attributable to the non-controlling interests as at the date of the Acquisition (net of deferred tax)	12,300
Fair value of the Group's previously held interest in Miramar prior to the Acquisition (net of deferred tax)	12,297
	24,599

5 Increase in the Group's interest in Miramar during the corresponding year ended 31 December 2021 (continued)

The re-measurement gain of the Group's previously held interest in Miramar prior to the Acquisition is determined as follows:

	HK$ million
Fair value of the Group's previously held interest in Miramar prior to the Acquisition (net of deferred tax) (see above)	12,297
Less:	
The Group's attributable share of the book net asset value of Miramar prior to the Acquisition at 14 April 2021	(10,410)
Re-measurement gain of the Group's approximately 49.987% equity interest previously held in Miramar prior to the Acquisition	1,887

	At 14 April 2021 HK$ million
Outflow of cash in the Group's obtaining of control in Miramar, net of cash acquired	
– cash consideration	(2)
– cash and bank balances of Miramar acquired	5,178
Net cash inflow arising from the Group's obtaining of control in Miramar	5,176

The Group had chosen to recognise the non-controlling interests at their proportionate share of the fair value of Miramar's identifiable net assets as at the date of the Acquisition.

The transaction costs related to the Acquisition in the amount of HK$551,000 were recognised in the Group's consolidated statement of profit or loss for the corresponding year ended 31 December 2021.

During the period from 14 April 2021 to 31 December 2021 (both dates inclusive), Miramar contributed consolidated revenue from external customers of HK$895 million and consolidated net profit after tax attributable to the Group's interest in Miramar of HK$75 million to the Group. If the Acquisition had occurred on 1 January 2021, Miramar's contribution to the Group of consolidated revenue from external customers and consolidated net profit after tax attributable to the Group's interest in Miramar, both during the period from 1 January 2021 to 13 April 2021, would be HK$320 million and HK$38 million respectively.

6 Revenue

Revenue of the Group represents revenue from the property development (including sales of properties), rental income, operation and management of department stores and supermarket-cum-stores, hotel room operation and other businesses mainly including income from hotel management (other than hotel room operation), construction, provision of finance, investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation, travel operation, as well as the trading of building materials.

The major items are analysed as follows:

	2022 HK$ million	2021 HK$ million
Property development (including sales of properties) *(2021: reclassified) (note (i))*	**14,635**	13,255
Rental income *(note (ii))*	**6,731**	6,505
Department stores and supermarket-cum-stores operations *(note (iii))*	**1,805**	1,791
Hotel room operation	**160**	95
Other businesses *(2021: reclassified) (note (i))*	**2,220**	1,881
Total (note 15(b))	**25,551**	23,527

Notes:

(i) For the purpose of facilitating management's assessment of the Group's real estate-related financial performance, for the year ended 31 December 2022, the revenue related to the sale of leasehold land and interest income from mortgage loans advanced by the Group to the property buyers as well as interest income from property development joint ventures have been reclassified from the "Other businesses" segment to the "Property development" segment. The comparative figures for the corresponding year ended 31 December 2021 have been reclassified accordingly.

(ii) Cumulative up to 31 December 2022, the Group has granted approved rent concessions in the aggregate amount of HK$407 million (cumulative up to 31 December 2021: HK$338 million) to certain tenants of the Group's investment properties in Hong Kong and mainland China due to the impact of COVID-19 pandemic and the subsequent outbreak of Omicron variant on the economic outlook, and hence the adverse effect on such tenants' business operations, business viabilities and abilities to meet rental obligations.

Therefore, the Group's rental income for the year ended 31 December 2022 has been arrived at after deducting the rent concessions which were amortised for the year ended 31 December 2022 in the amount of HK$73 million (2021: HK$124 million).

(iii) Including commission income earned from consignment and concessionaire counters of the department stores operation, and the commission income earned from consignment counters of the supermarket-cum-stores operation, in the aggregate amount of HK$415 million for the year ended 31 December 2022 (2021: HK$424 million).

In accordance with HKFRS 15, (i) revenue from sales of properties and department stores and supermarket-cum stores operations are recognised at a point in time, as described in notes 2(x)(i) and 2(x)(vi) to these financial statements respectively; and (ii) revenue from hotel room operation is recognised over time, as described in note 2(x)(v) to these financial statements. Rental income recognised from HKFRS 16 is categorically classified as revenue from other sources. Revenue from other businesses of HK$1,609 million (2021: HK$1,393 million) is recognised over time while the remaining is recognised at a point in time.

At 31 December 2022, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of profit or loss in the future from pre-completion sales contracts entered into in relation to the Group's properties held for/under development for sale and completed properties for sale held by the Group's subsidiaries, which are pending assignment in Hong Kong and mainland China, amounted to HK$12,210 million (2021: HK$12,777 million) and which will be recognised when the pre-sold properties are assigned to the customers.

7 Other net income

	2022 HK$ million	2021 HK$ million
Net gain on disposal of investment properties	**52**	162
Net gain on disposal of other land and buildings	**4**	–
Aggregate net gain on sales of property interests (note 15(a))	**56**	162
Net fair value (loss)/gain on investments measured as financial assets at FVPL	**(253)**	174
Net fair value gain on derivative financial instruments at FVPL:		
– Interest rate swap contracts, cross currency interest rate swap contracts, cross currency swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the year)	**306**	259
Impairment loss on trade debtors (notes 15(c) and 27(b))	**(2)**	(1)
Reversal of provision on inventories, net (note 15(a))	**50**	77
Exchange gain, net (note 8(d))	**54**	85
Government grants *(note)*	**68**	–
Gain on re-measurement of previously held interest in a former associate upon obtaining of control (notes 5 and 15(a))	**–**	1,889
Others	**293**	482
	572	3,127

Note:

Government grants recognised for the year ended 31 December 2022 related to the subsidy received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme promulgated by the HKSAR Government during the year (2021: Nil).

8 Profit before taxation

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

		2022 HK$ million	2021 HK$ million
(a)	**Finance costs:**		
	Bank loans interest	**1,303**	875
	Interest on other loans	**1,434**	438
	Interest on guaranteed notes	**746**	655
	Finance cost on lease liabilities (notes 29(b) and 31)	**36**	20
	Other borrowing costs	**131**	105
		3,650	2,093
	Less: Amount capitalised *(note)*	**(2,413)**	(1,493)
	Finance costs (note 15(a))	**1,237**	600

Note: The borrowing costs have been capitalised at weighted average interest rates based on the principal amounts of the Group's bank loans, guaranteed notes, amount due to a fellow subsidiary and amounts due to related companies during the period under which interest capitalisation was applicable, ranging from 1.40% to 4.22% (2021: ranging from 1.67% to 3.83%) per annum.

		2022 HK$ million	2021 HK$ million
(b)	**Directors' emoluments**	**209**	209

Details of the directors' emoluments are set out in note 9.

		2022 HK$ million	2021 HK$ million
(c)	**Staff costs (other than directors' emoluments):**		
	Salaries, wages and other benefits	**2,916**	2,716
	Contributions to defined contribution retirement plans	**158**	108
		3,074	2,824

8 Profit before taxation (continued)

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

		2022 HK$ million	2021 HK$ million
(d)	**Other items:**		
	Net foreign exchange gain	**(1,455)**	(727)
	Cash flow hedges: net foreign exchange loss reclassified from equity	**1,401**	642
	Exchange gain, net (note 7)	**(54)**	(85)
	Amortisation of trademarks (note 19)	**4**	3
	Depreciation		
	– on other property, plant and equipment (note 16(a))	**185**	146
	– on right-of-use assets (note 17)	**351**	356
		540	505
		(note 15(c))	(note 15(c))
	Cost of sales		
	– properties for sale	**10,080**	6,595
	– trading stocks and consumable stores	**1,096**	1,032
	Auditors' remuneration		
	– audit services	**23**	22
	– non-audit services	**10**	7
	Expense relating to short-term leases	**20**	18
	Rentals receivable from investment properties less direct outgoings of HK$1,902 million (2021: HK$1,979 million) *(note (i))*	**(4,628)**	(4,326)
	Dividend income from investments designated as financial assets at FVOCI (non-recycling) and measured as financial assets at FVPL *(note (ii))*		
	– listed	**(84)**	(84)
	– unlisted	**(7)**	(32)

Notes:

(i) The rental income from investment properties included contingent rental income of HK$43 million (2021: HK$41 million).

(ii) During the year ended 31 December 2022, dividend income of HK$9 million related to investments designated as financial assets at FVOCI (non-recycling) held at 31 December 2022 (2021: dividend income of HK$35 million related to investments designated as financial assets at FVOCI (non-recycling) held at 31 December 2021).

9 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2022				
	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr Lee Ka Kit	**200**	**21,491**	**1,486**	**18**	**23,195**
Dr Lee Ka Shing	**300**	**15,785**	**6,237**	**873**	**23,195**
Dr Lam Ko Yin, Colin	**250**	**10,251**	**21,169**	**614**	**32,284**
Dr Lee Shau Kee	**150**	**21,446**	**–**	**–**	**21,596**
Yip Ying Chee, John	**150**	**9,366**	**14,815**	**560**	**24,891**
Suen Kwok Lam	**150**	**7,822**	**7,683**	**467**	**16,122**
Fung Lee Woon King	**150**	**5,558**	**5,145**	**332**	**11,185**
Kwok Ping Ho	**250**	**5,356**	**1,415**	**319**	**7,340**
Wong Ho Ming, Augustine	**150**	**10,781**	**15,413**	**645**	**26,989**
Fung Hau Chung, Andrew	**150**	**12,460**	**2,756**	**614**	**15,980**
Non-executive Directors					
Lee Pui Ling, Angelina	**150**	**–**	**–**	**–**	**150**
Lee Tat Man*	**75**	**–**	**–**	**–**	**75**
Independent Non-executive Directors					
Kwong Che Keung, Gordon	**1,050**	**–**	**–**	**–**	**1,050**
Professor Ko Ping Keung	**950**	**–**	**–**	**–**	**950**
Wu King Cheong	**950**	**–**	**–**	**–**	**950**
Woo Ka Biu, Jackson	**250**	**–**	**–**	**–**	**250**
Professor Poon Chung Kwong	**350**	**–**	**–**	**–**	**350**
Au Siu Kee, Alexander	**2,050**	**–**	**–**	**–**	**2,050**
Total for the year ended 31 December 2022	**7,725**	**120,316**	**76,119**	**4,442**	**208,602**

* *Mr Lee Tat Man did not offer himself for re-election at the annual general meeting of the Company held on 1 June 2022 upon retirement by rotation in accordance with the articles of association of the Company to reduce his business commitments. Accordingly, his directorship with the Company ceased at the conclusion of the aforementioned annual general meeting.*

9 Directors' emoluments (continued)

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows: (continued)

	2021				
	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr Lee Ka Kit	200	21,535	1,445	18	23,198
Dr Lee Ka Shing	272	15,681	6,381	864	23,198
Dr Lam Ko Yin, Colin	236	10,149	21,270	607	32,262
Dr Lee Shau Kee	150	21,401	–	–	21,551
Yip Ying Chee, John	150	9,273	14,907	555	24,885
Suen Kwok Lam	150	7,740	7,760	463	16,113
Fung Lee Woon King	150	5,501	5,200	329	11,180
Kwok Ping Ho	250	5,298	1,468	316	7,332
Wong Ho Ming, Augustine	150	10,675	15,520	639	26,984
Fung Hau Chung, Andrew	150	12,208	3,000	609	15,967
Non-executive Directors					
Lee Pui Ling, Angelina	150	–	–	–	150
Lee Tat Man	150	–	–	–	150
Independent Non-executive Directors					
Kwong Che Keung, Gordon	300	750	–	–	1,050
Professor Ko Ping Keung	300	650	–	–	950
Wu King Cheong	551	650	–	–	1,201
Woo Ka Biu, Jackson	250	–	–	–	250
Professor Poon Chung Kwong	250	100	–	–	350
Au Siu Kee, Alexander	1,236	850	–	–	2,086
Total for the year ended 31 December 2021	5,045	122,461	76,951	4,400	208,857

9 Directors' emoluments (continued)

During the years ended 31 December 2022 and 31 December 2021:

(i) all the directors' fees payable to the executive directors of the Company were in respect of their services as directors of the Company and/ or its subsidiary undertakings, and all the salaries, allowances, benefits-in-kind, discretionary bonuses and retirement scheme contributions payable to the executive directors of the Company were in respect of their services in connection with the management of the affairs of the Company and/or its subsidiary undertakings; and

(ii) all the emoluments payable to the non-executive directors and the independent non-executive directors of the Company were in respect of their services as directors of the Company and/ or its subsidiary undertakings.

At 31 December 2022, there were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities for disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (2021: None).

During the year ended 31 December 2022 and at 31 December 2022, save as disclosed in note 43, there was no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company and his/her connected entities had a material interest, subsisted at the end of the reporting period or at any time during the year for disclosure pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (2021: None).

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

10 Emoluments of five highest paid individuals and senior management

(a) Emoluments of five highest paid individuals

Of the five individuals with the highest emoluments, all (2021: all) of them are directors whose emoluments are disclosed in note 9.

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 9 and 10(a) respectively, the emoluments of the senior management whose profiles are set out in the section "Biographical Details of Directors and Senior Management" of the Company's annual report for the year ended 31 December 2022 (of which these financial statements form a part) fell within the following bands:

	2022 Number of individuals	2021 Number of individuals
Emolument band (HK$) *(note)*		
$3,000,001 to $4,000,000	**2**	2
$4,000,001 to $5,000,000	**2**	1
$5,000,001 to $6,000,000	**4**	3
$6,000,001 to $7,000,000	**2**	3
$7,000,001 to $8,000,000	**–**	2
$8,000,001 to $9,000,000	**1**	–
$9,000,001 to $10,000,000	**–**	–
$10,000,001 to $11,000,000	**1**	1
$11,000,001 to $12,000,000	**2**	2
$12,000,001 to $13,000,000	**2**	1
$13,000,001 to $14,000,000	**–**	–
$14,000,001 to $15,000,000	**2**	2
$15,000,001 to $16,000,000	**–**	1
$16,000,001 to $17,000,000	**1**	1
	19	19

Note: Including salaries, allowances and benefits-in-kind, discretionary bonuses and retirement scheme contributions.

11 Income tax

(a) Income tax in the consolidated statement of profit or loss represents:

	2022 HK$ million	2021 HK$ million
Current tax – Provision for Hong Kong Profits Tax		
Provision for the year	**538**	867
(Over)/under-provision in respect of prior years	**(11)**	2
	527	869
Current tax – Provision for taxation outside Hong Kong		
Provision for the year	**352**	599
Under-provision in respect of prior years	**85**	106
	437	705
Current tax – Provision for Land Appreciation Tax		
Provision for the year	**37**	263
	37	263
Deferred tax		
Origination and reversal of temporary differences	**276**	181
	276	181
	1,277	2,018

Provision for Hong Kong Profits Tax has been made at 16.5% (2021: 16.5%) on the estimated assessable profits for the year, taking into account a one-off reduction of 100% (2021: 100%) of the tax payable for the year of assessment 2021/22 subject to a ceiling of HK$10,000 (2020/21: HK$10,000) for each business allowed by the Inland Revenue Department of the HKSAR Government.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the year on the estimated assessable profits arising in the relevant foreign tax jurisdictions during the year.

Land Appreciation Tax is levied on properties in mainland China developed by the Group for sale, at progressive rates ranging from 30% to 60% (2021: 30% to 60%) on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and property development expenditure.

11 Income tax (continued)

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

	2022 HK$ million	2021 HK$ million
Profit before taxation	**10,780**	15,378
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**2,068**	2,793
Tax effect of share of profits less losses of associates and joint ventures	**(864)**	(672)
Tax effect of non-deductible expenses	**337**	240
Tax effect of non-taxable revenue	**(507)**	(576)
Tax effect of current year's tax losses not recognised	**260**	254
Tax effect of prior years' tax losses utilised	**(24)**	(45)
Tax effect of unused tax losses not recognised in prior years now recognised	**(103)**	(122)
One-off rebate of Hong Kong Profits Tax	**(1)**	(1)
Land Appreciation Tax	**28**	197
Under/(over)-provision in respect of prior years, net	**83**	(50)
Actual tax expense	**1,277**	2,018

(c) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	Depreciation allowances in excess of related depreciation HK$ million	Revaluation of properties HK$ million	Elimination and capitalisation of expenses HK$ million	Fair value adjustment on business combination HK$ million	Tax losses HK$ million	Others HK$ million	Total HK$ million
At 1 January 2021	2,106	4,410	234	1,032	(408)	(103)	7,271
Exchange adjustments	21	133	–	3	–	–	157
Consolidation of Miramar upon obtaining of control, net (note 5)	220	80	–	554	(9)	–	845
Charged/(credited) to profit or loss	196	56	3	(7)	(37)	(30)	181
Charged to reserves (note 13(a))	–	–	–	–	–	20	20
At 31 December 2021	2,543	4,679	237	1,582	(454)	(113)	8,474
At 1 January 2022	**2,543**	**4,679**	**237**	**1,582**	**(454)**	**(113)**	**8,474**
Exchange adjustments	**(71)**	**(404)**	**–**	**(11)**	**–**	**–**	**(486)**
Charged/(credited) to profit or loss	**208**	**67**	**(17)**	**(8)**	**(115)**	**141**	**276**
Charged to reserves (note 13(a))	**–**	**–**	**–**	**–**	**–**	**129**	**129**
Others	**–**	**–**	**4**	**–**	**–**	**–**	**4**
At 31 December 2022	**2,680**	**4,342**	**224**	**1,563**	**(569)**	**157**	**8,397**

11 Income tax (continued)

(c) Deferred tax assets and liabilities recognised: (continued)

	2022 HK$ million	2021 HK$ million
Net deferred tax assets recognised in the consolidated statement of financial position	**(730)**	(698)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**9,127**	9,172
	8,397	8,474

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2022		2021	
	Deductible temporary differences/ unused tax losses HK$ million	**Deferred tax assets not recognised HK$ million**	Deductible temporary differences/ unused tax losses HK$ million	Deferred tax assets not recognised HK$ million
Deductible temporary differences	**4**	**1**	4	1
Future benefits of tax losses				
Hong Kong *(note (i))*				
– Assessed by the Inland Revenue Department	**4,676**	**771**	3,698	610
– Not yet assessed by the Inland Revenue Department	**8,712**	**1,437**	10,915	1,801
Outside Hong Kong *(note (ii))*	**576**	**138**	540	127
	13,964	**2,346**	15,153	2,538
	13,968	**2,347**	15,157	2,539

Notes:

(i) These tax losses do not expire under current tax legislation.

(ii) These tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

12 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2022 HK$ million	2021 HK$ million
Interim dividend declared and paid of HK$0.50 (2021: HK$0.50) per share	**2,421**	2,421
Final dividend proposed after the end of the reporting period of HK$1.30 (2021: HK$1.30) per share	**6,294**	6,294
	8,715	8,715

The final dividend proposed after the end of the reporting period has not been recognised 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

	2022 HK$ million	2021 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the year of HK$1.30 (2021: HK$1.30) per share	**6,294**	6,294

13 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2022			2021		
	Pre-tax amount HK$ million	**Tax charge HK$ million**	**Net-of-tax amount HK$ million**	Pre-tax amount HK$ million	Tax charge HK$ million	Net-of-tax amount HK$ million
Exchange differences	**(4,307)**	**–**	**(4,307)**	1,569	–	1,569
Cash flow hedges	**785**	**(129)**	**656**	123	(20)	103
Investments in equity securities designated as financial assets at FVOCI (non-recycling)	**(31)**	**–**	**(31)**	(7)	–	(7)
Share of other comprehensive income of associates and joint ventures	**(3,978)**	**–**	**(3,978)**	1,100	–	1,100
Other comprehensive income for the year	**(7,531)**	**(129)**	**(7,660)**	2,785	(20)	2,765
		(note 11(c))			(note 11(c))	

(b) Components of other comprehensive income, including reclassification adjustments

	2022 HK$ million	2021 HK$ million
Exchange differences:		
– translation of financial statements of foreign entities	**(4,307)**	1,569
Net movement in the exchange reserve during the year recognised in other comprehensive income	**(4,307)**	1,569
Cash flow hedges:		
– effective portion of changes in fair value of hedging instruments recognised during the year (note 4(f))	**(572)**	(385)
– reclassification from equity to profit or loss	**1,399**	729
– cost of hedging – changes in fair value (note 4(f))	**46**	(101)
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss (note 4(f))	**(88)**	(120)
– net deferred tax charged to other comprehensive income	**(129)**	(20)
Net aggregate movement in the hedging reserve and the cost of hedging reserve during the year recognised in other comprehensive income	**656**	103
Investments in equity securities designated as financial assets at FVOCI (non-recycling):		
– changes in fair value recognised during the year	**(31)**	(7)
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	**(31)**	(7)

13 Other comprehensive income (continued)

(c) For each component of equity

	Attributable to equity shareholders of the Company									
	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (recycling) HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total other comprehensive income HK$ million
2021										
Exchange differences:										
– translation of financial statements of foreign entities	–	1,550	–	–	–	–	–	1,550	19	1,569
Cash flow hedges:										
– effective portion of changes in fair value, net of deferred tax	–	–	–	–	(322)	–	–	(322)	–	(322)
– reclassification from equity to profit or loss, net of deferred tax	–	–	–	–	609	–	–	609	–	609
– cost of hedging – change in fair value, net of deferred tax	–	–	–	–	(84)	–	–	(84)	–	(84)
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss, net of deferred tax	–	–	–	–	(100)	–	–	(100)	–	(100)
Investments in equity securities designated as financial assets at FVOCI (non-recycling):										
– changes in fair value	–	–	–	(11)	–	–	–	(11)	4	(7)
Share of other comprehensive income of associates and joint ventures	–	1,150	1	(84)	(2)	–	35	1,100	–	1,100
Other comprehensive income for the year	–	2,700	1	(95)	101	–	35	2,742	23	2,765
2022										
Exchange differences:										
– translation of financial statements of foreign entities	–	**(4,246)**	–	–	–	–	–	**(4,246)**	**(61)**	**(4,307)**
Cash flow hedges:										
– effective portion of changes in fair value, net of deferred tax	–	–	–	–	**(478)**	–	–	**(478)**	–	**(478)**
– reclassification from equity to profit or loss, net of deferred tax	–	–	–	–	**1,168**	–	–	**1,168**	–	**1,168**
– cost of hedging – change in fair value, net of deferred tax	–	–	–	–	**39**	–	–	**39**	–	**39**
– cost of hedging – reclassification adjustments for amounts transferred to profit or loss, net of deferred tax	–	–	–	–	**(73)**	–	–	**(73)**	–	**(73)**
Investments in equity securities designated as financial assets at FVOCI (non-recycling):										
– changes in fair value	–	–	–	**(29)**	–	–	–	**(29)**	**(2)**	**(31)**
Share of other comprehensive income of associates and joint ventures	–	**(3,895)**	–	**(55)**	**(13)**	–	**(15)**	**(3,978)**	–	**(3,978)**
Other comprehensive income for the year	–	**(8,141)**	–	**(84)**	**643**	–	**(15)**	**(7,597)**	**(63)**	**(7,660)**

14 Earnings per share

(a) Reported earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK$9,239 million (2021: HK$13,195 million) and the weighted average number of 4,841 million ordinary shares (2021: 4,841 million ordinary shares) in issue during the year.

Diluted earnings per share were the same as the basic earnings per share for the year and the corresponding year ended 31 December 2021 as there were no dilutive potential ordinary shares in existence during both 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 profit attributable to equity shareholders of the Company after excluding the effects of changes in fair value of investment properties and investment properties under development ("Underlying Profit") of HK$9,629 million (2021: HK$13,624 million). A reconciliation of profit is as follows:

	2022 HK$ million	2021 HK$ million
Profit attributable to equity shareholders of the Company	**9,239**	13,195
Fair value loss/(gain) of investment properties and investment properties under development during the year (after deducting non-controlling interests' attributable share and deferred tax) (note 16(c))	**64**	(26)
Share of fair value (gain)/loss of investment properties (net of deferred tax) during the year:		
– associates (note 16(c))	**(23)**	16
– joint ventures (note 16(c))	**196**	129
The Group's attributable share of the cumulative fair value gain of investment properties disposed of during the year, net of tax:		
– subsidiaries	**151**	310
– associates and joint ventures	**2**	–
Underlying Profit	**9,629**	13,624
Underlying earnings per share, based on the weighted average number of ordinary shares in issue during the year (note 14(a))	**HK$1.99**	HK$2.81

15 Segment reporting

The Group manages its businesses by a mixture of business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property development	:	Development and sale of properties
Property leasing	:	Leasing of properties
Department stores and supermarket-cum-stores operations	:	Operation and management of department stores and supermarket-cum-stores
Hotel room operation	:	The operation of hotel properties generating room revenue
Other businesses	:	Hotel management (other than hotel room operation), construction, provision of finance (other than mortgage loans advanced by the Group to the property buyers as well as interest income from property development joint ventures which are classified under the "*Property development*" segment), investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation, travel operation, as well as the trading of building materials
Utility and energy	:	Production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before reversal of provision/(provision) on inventories, net, sales of property interests, gain on re-measurement of previously held interest in a former associate upon obtaining of control, fair value change on investment properties and investment properties under development, net finance costs, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses, net.

(a) Results of reportable segments

Information regarding the Group's and its share of associates and joint ventures on reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 31 December 2021 is set out below. To facilitate management's assessment of the Group's real estate-related financial performance, for the year ended 31 December 2022:

(i) the revenue and segment results related to the sale of leasehold land and interest income from mortgage loans advanced by the Group to the property buyers as well as interest income from property development joint ventures have been reclassified from the "*Other businesses*" segment to the "*Property development*" segment;

(ii) a new segment "*Hotel room operation*" has been identified in relation to the operation of hotel properties generating room revenue, and which figures have been reclassified from "*Other businesses*" segment to the "*Hotel room operation*" segment; and

(iii) the revenue and segment results under the "*Department stores and supermarket-cum-stores operations*" segment have been separately delineated to disclose the figures related to the sale of own goods and rental of consignment and concessionaire counters.

The comparative figures for the corresponding year ended 31 December 2021 have been reclassified accordingly.

15 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2022										
Property development										
Hong Kong	14,119	2,894	1,494	523	15,613	3,417	(77)	(62)	15,536	3,355
Mainland China	516	34	7,283	2,171	7,799	2,205	–	(8)	7,799	2,197
	14,635	2,928	8,777	2,694	23,412	5,622	(77)	(70)	23,335	5,552
Property leasing										
Hong Kong	4,710	3,284	2,125	1,648	6,835	4,932	(378)	(323)	6,457	4,609
Mainland China	2,021	1,550	79	72	2,100	1,622	(29)	(19)	2,071	1,603
	(note (ii)) 6,731	4,834	2,204	1,720	8,935	6,554	(407)	(342)	8,528	6,212
Department stores and supermarket-cum-stores operations										
– sale of own goods	1,453	(7)	–	–	1,453	(7)	(441)	11	1,012	4
– rental of consignment and concessionaire counters	352	179	–	–	352	179	(108)	(29)	244	150
	1,805	172	–	–	1,805	172	(549)	(18)	1,256	154
Hotel room operation	160	(44)	103	(21)	263	(65)	(80)	19	183	(46)
Other businesses	2,220	(168)	226	(33)	2,446	(201)	(265)	97	2,181	(104)
	25,551	7,722	11,310	4,360	36,861	12,082	(1,378)	(314)	35,483	11,768
Utility and energy	–	–	36,218	3,414	36,218	3,414	–	–	36,218	3,414
	25,551	7,722	47,528	7,774	73,079	15,496	(1,378)	(314)	71,701	15,182
Reversal of provision on inventories, net		(note 7) 50		–		50		–		50
Sales of property interests *(note)*		(note 7) 56		–		56		(1)		55
Unallocated head office and corporate expenses, net		(621)		(207)		(828)		(7)		(835)
Profit from operations		7,207		7,567		14,774		(322)		14,452
Decrease in fair value of investment properties and investment properties under development		(12)		(183)		(195)		6		(189)
Finance costs	(note 8(a))	(1,237)		(867)		(2,104)		52		(2,052)
Bank interest income		204		202		406		(49)		357
Net finance costs		(1,033)		(665)		(1,698)		3		(1,695)
Profit before taxation		6,162		6,719		12,881		(313)		12,568
Income tax		(1,277)		(2,101)		(3,378)		49		(3,329)
Profit for the year		4,885		4,618		9,503		(264)		9,239

Note:

The Group's attributable share of the realised cumulative fair value gain (before tax) of investment properties disposed of during the year ended 31 December 2022 amounted to HK$154 million. Adding to it the reported attributable share of net gain on disposals of investment properties and other land and buildings of HK$55 million (see above) for the year ended 31 December 2022, the Group's attributable share of the realised gain (before tax) from the sales of property interests attributable to underlying profit amounted to HK$209 million during the year ended 31 December 2022.

15 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the year ended 31 December 2022							
Share of profits less losses of associates *(note (iii))*							
– Listed associates							
The Hong Kong and China Gas Company Limited	–	211	(6)	(534)	(329)	2,509	2,180
Hong Kong Ferry (Holdings) Company Limited	397	29	–	8	434	–	434
– Unlisted associates	(2)	41	–	9	48	–	48
	395	281	(6)	(517)	153	2,509	2,662
Share of profits less losses of joint ventures *(note (iv))*	1,075	834	(36)	83	1,956	–	1,956
	1,470	1,115	(42)	(434)	2,109	2,509	4,618

15 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2021										
Property development										
Hong Kong	11,430	4,532	902	322	12,332	4,854	(136)	(96)	12,196	4,758
Mainland China	1,825	759	4,984	844	6,809	1,603	–	–	6,809	1,603
	13,255	5,291	5,886	1,166	19,141	6,457	(136)	(96)	19,005	6,361
Property leasing										
Hong Kong	4,462	2,928	2,349	1,859	6,811	4,787	(277)	(231)	6,534	4,556
Mainland China	2,043	1,579	73	59	2,116	1,638	(19)	(12)	2,097	1,626
	(note (ii)) 6,505	4,507	2,422	1,918	8,927	6,425	(296)	(243)	8,631	6,182
Department stores and supermarket-cum-stores operations										
– sale of own goods	1,434	36	–	–	1,434	36	(434)	(2)	1,000	34
– rental of consignment and concessionaire counters	357	164	–	–	357	164	(110)	(19)	247	145
	1,791	200	–	–	1,791	200	(544)	(21)	1,247	179
Hotel room operation	95	(58)	67	(35)	162	(93)	(48)	30	114	(63)
Other businesses	1,881	441	250	(812)	2,131	(371)	(187)	48	1,944	(323)
	23,527	10,381	8,625	2,237	32,152	12,618	(1,211)	(282)	30,941	12,336
Utility and energy	–	–	32,139	4,085	32,139	4,085	–	–	32,139	4,085
	23,527	10,381	40,764	6,322	64,291	16,703	(1,211)	(282)	63,080	16,421
Reversal of provision/(provision) on inventories, net		(note 7) 77		(18)		59		(4)		55
Sales of property interests *(note 1)*		(note 7) 162		–		162		–		162
Gain on re-measurement of previously held interest in a former associate upon obtaining of control		(note 7) 1,889		–		1,889		–		1,889
Unallocated head office and corporate expenses, net		(519)		(295)		(814)		6		(808)
Profit from operations		11,990		6,009		17,999		(280)		17,719
Increase/(decrease) in fair value of investment properties and investment properties under development		59		(152)		(93)		33		(60)
Finance costs	(note 8(a))	(600)		(756)		(1,356)		50		(1,306)
Bank interest income		109		170		279		(8)		271
Net finance costs		(491)		(586)		(1,077)		42		(1,035)
Profit before taxation		11,558		5,271		16,829		(205)		16,624
Income tax		(2,018)		(1,451)		(3,469)		40		(3,429)
Profit for the year		9,540		3,820		13,360		(165)		13,195

Note 1:
The Group's attributable share of the realised cumulative fair value gain (before tax) of investment properties disposed of during the corresponding year ended 31 December 2021 amounted to HK$324 million. Adding to it the reported attributable share of net gain on disposal of investment properties of HK$162 million (see above and in note 7) for the corresponding year ended 31 December 2021, the Group's attributable share of the realised gain (before tax) from the sales of property interests attributable to underlying profit amounted to HK$486 million during the corresponding year ended 31 December 2021.

15 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the year ended 31 December 2021							
Share of profits less losses of associates *(note (iii))*							
– Listed associates							
The Hong Kong and China Gas Company Limited	–	203	(7)	(1,091)	(895)	2,976	2,081
Miramar *(note 2)*	–	61	(5)	(11)	45	–	45
Hong Kong Ferry (Holdings) Company Limited	(10)	45	–	4	39	–	39
– Unlisted associates	38	37	–	(47)	28	–	28
	28	346	(12)	(1,145)	(783)	2,976	2,193
Share of profits less losses of joint ventures *(note (iv))*	683	1,010	(36)	(30)	1,627	–	1,627
	711	1,356	(48)	(1,175)	844	2,976	3,820

Note 2:

As referred to in note 5 to these financial statements, for the period from 14 April 2021 to 31 December 2021 (both dates inclusive), the Company had accounted for Miramar as an indirect non-wholly owned subsidiary and consolidated Miramar's financial results into the Group's consolidated financial statements for the corresponding year ended 31 December 2021. For the period from 1 January 2021 to 13 April 2021 (both dates inclusive), Miramar was an associate of the Group and the financial results of Miramar for such period were accounted for in the Group's consolidated financial statements for the same period under the equity method of accounting.

Notes:

(i) The revenue figures above are arrived at after the elimination of inter-segment revenues, in the amounts of HK$445 million (2021: HK$356 million) and HK$1,117 million (2021: HK$1,458 million) in relation to the reportable segments under property leasing and others, respectively.

(ii) Revenue for the property leasing segment comprised rental income of HK$5,876 million (2021: HK$5,732 million) and rental-related income of HK$855 million (2021: HK$773 million), which in aggregate amounted to HK$6,731 million for the year (2021: HK$6,505 million) (see note 6).

(iii) The Group's share of profits less losses of associates contributed from the property leasing segment during the year of HK$281 million (2021: HK$346 million) included the Group's attributable share of net increase in fair value of investment properties (net of deferred tax) during the year of HK$23 million (2021: net decrease in fair value of investment properties (net of deferred tax) of HK$16 million)(see note 16(c)).

The Group's share of losses less profits of associates contributed from other businesses segment during the year of HK$517 million (2021: HK$1,145 million) included the Group's share of loss after tax from hotel management (other than hotel room operation) during the year of HK$1 million (2021: HK$7 million).

(iv) The Group's share of profits less losses of joint ventures contributed from the property leasing segment during the year of HK$834 million (2021: HK$1,010 million) included the Group's attributable share of net decrease in fair value of investment properties (net of deferred tax) during the year of HK$196 million (2021: HK$129 million) (see note 16(c)).

The Group's share of profits less losses of joint ventures contributed from other businesses segment during the year of HK$83 million (2021: share of losses less profits of HK$30 million) included the Group's share of loss after tax contributed from hotel management (other than hotel room operation) during the year of HK$11 million (2021: HK$27 million).

15 Segment reporting (continued)

(b) Geographical information

The following table sets out information about the geographical segment location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, other property, plant and equipment, right-of-use assets, goodwill, trademarks, interests in associates and joint ventures (together, the "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of investment properties, other property, plant and equipment and right-of-use assets, the location of the operation to which the cash-generating unit(s) is(are) allocated in the case of goodwill and trademarks, and the location of operations in the case of interests in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
	For the year ended 31 December		At 31 December	
	2022 HK$ million	2021 HK$ million	**2022 HK$ million**	2021 HK$ million
Hong Kong	**22,757**	19,455	**319,254**	315,198
Mainland China	**2,794**	4,072	**76,480**	85,322
The United Kingdom	**–**	–	**33**	37
	25,551	23,527	**395,767**	400,557
	(note 6)	(note 6)		

(c) Other segment information

	Depreciation and amortisation		Impairment loss on trade debtors	
	For the year ended 31 December		For the year ended 31 December	
	2022 HK$ million	2021 HK$ million	**2022 HK$ million**	2021 HK$ million
Property development	**80**	83	**–**	–
Property leasing	**47**	52	**2**	1
Department stores and supermarket-cum-stores operations				
– sale of own goods	**140**	132	**–**	–
– rental of consignment and concessionaire counters	**9**	12	**–**	–
Hotel room operation	**74**	53	**–**	–
Other businesses	**190**	173	**–**	–
	540	505	**2**	1
	(note 8(d))	(note 8(d))	**(notes 7 and 27(b))**	(notes 7 and 27(b))

16 Investment properties and other property, plant and equipment

(a) Reconciliation of carrying amount

	Investment properties HK$ million	Investment properties under development HK$ million	Sub-total HK$ million	Hotel properties HK$ million	Other land and buildings HK$ million	Plant and equipment HK$ million	Sub-total HK$ million	Total HK$ million
Cost or valuation:								
At 1 January 2021	141,878	44,715	186,593	–	249	1,331	1,580	188,173
Exchange adjustments	988	268	1,256	–	2	10	12	1,268
Additions	115	55,179	55,294	–	–	134	134	55,428
Consolidation of Miramar upon obtaining of control (note 5)	17,029	–	17,029	3,406	99	1,537	5,042	22,071
Reclassification	(781)	–	(781)	790	–	(9)	781	–
Disposals	(483)	–	(483)	–	(21)	(97)	(118)	(601)
Written off	–	–	–	–	–	(34)	(34)	(34)
Surplus/(deficit) on revaluation	703	(644)	59	–	–	–	–	59
Transfer to investment properties	1,719	(1,719)	–	–	–	–	–	–
Transfer from/(to) inventories	–	1,274	1,274	–	(29)	–	(29)	1,245
At 31 December 2021	161,168	99,073	260,241	4,196	300	2,872	7,368	267,609
Representing:								
Cost	–	3,725	3,725	4,196	300	2,872	7,368	11,093
Valuation	161,168	95,348	256,516	–	–	–	–	256,516
	161,168	99,073	260,241	4,196	300	2,872	7,368	267,609
Accumulated depreciation and impairment losses:								
At 1 January 2021	–	–	–	–	66	1,114	1,180	1,180
Exchange adjustments	–	–	–	–	1	4	5	5
Consolidation of Miramar upon obtaining of control (note 5)	–	–	–	106	5	1,457	1,568	1,568
Charge for the year (note 8(d))	–	–	–	46	6	94	146	146
Written back on disposals	–	–	–	–	–	(86)	(86)	(86)
Written off	–	–	–	–	–	(34)	(34)	(34)
Transfer to inventories	–	–	–	–	(10)	–	(10)	(10)
At 31 December 2021	–	–	–	152	68	2,549	2,769	2,769
Net book value:								
At 31 December 2021	161,168	99,073	260,241	4,044	232	323	4,599	264,840

16 Investment properties and other property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

	Investment properties HK$ million	Investment properties under development HK$ million	Sub-total HK$ million	Hotel properties HK$ million	Other land and buildings HK$ million	Plant and equipment HK$ million	Sub-total HK$ million	Total HK$ million
Cost or valuation:								
At 1 January 2022	161,168	99,073	260,241	4,196	300	2,872	7,368	267,609
Exchange adjustments	(3,240)	(1,310)	(4,550)	–	(12)	(27)	(39)	(4,589)
Additions	421	4,271	4,692	25	4	142	171	4,863
Transfer from prepayments and deposits	–	–	–	–	–	38	38	38
Disposals								
– through transfer of a subsidiary (note 39(b))	–	(1,588)	(1,588)	–	–	–	–	(1,588)
– others	(377)	–	(377)	–	(13)	(30)	(43)	(420)
Written off	–	–	–	–	–	(15)	(15)	(15)
(Deficit)/surplus on revaluation	(50)	38	(12)	–	–	–	–	(12)
Transfer to investment properties	16,967	(16,967)	–	–	–	–	–	–
Transfer from/(to) inventories	42	1,676	1,718	–	(3)	–	(3)	1,715
At 31 December 2022	174,931	85,193	260,124	4,221	276	2,980	7,477	267,601
Representing:								
Cost	–	2,680	2,680	4,221	276	2,980	7,477	10,157
Valuation	174,931	82,513	257,444	–	–	–	–	257,444
	174,931	85,193	260,124	4,221	276	2,980	7,477	267,601
Accumulated depreciation and impairment losses:								
At 1 January 2022	–	–	–	152	68	2,549	2,769	2,769
Exchange adjustments	–	–	–	–	–	(14)	(14)	(14)
Charge for the year (note 8(d))	–	–	–	64	6	115	185	185
Written back on disposals	–	–	–	–	(3)	(29)	(32)	(32)
Written off	–	–	–	–	–	(15)	(15)	(15)
Impairment loss for the year	–	–	–	–	–	4	4	4
At 31 December 2022	–	–	–	216	71	2,610	2,897	2,897
Net book value:								
At 31 December 2022	174,931	85,193	260,124	4,005	205	370	4,580	264,704

16 Investment properties and other property, plant and equipment (continued)

(b) The analysis of net book value of properties is as follows:

	2022 HK$ million	2021 HK$ million
In Hong Kong		
– under long leases	**13,576**	12,446
– under medium-term leases	**201,159**	199,219
	214,735	211,665
Outside Hong Kong		
– under long leases	**10**	10
– under medium-term leases	**49,556**	52,805
– freehold	**33**	37
	49,599	52,852
	264,334	264,517

(c) Fair value measurement of investment properties and investment properties under development

Fair value hierarchy

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

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

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

- Level 3 valuations: Fair value measured using significant unobservable inputs.

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2022 HK$ million	**Fair value measurements at 31 December 2022 categorised into Level 3 HK$ million**
Recurring fair value measurement		
Investment properties:		
– In Hong Kong	**126,262**	**126,262**
– In mainland China	**48,669**	**48,669**
Investment properties under development:		
– In Hong Kong	**81,689**	**81,689**
– In mainland China	**824**	**824**

	Fair value at 31 December 2021 HK$ million	Fair value measurements at 31 December 2021 categorised into Level 3 HK$ million
Recurring fair value measurement		
Investment properties:		
– In Hong Kong	126,475	126,475
– In mainland China	34,693	34,693
Investment properties under development:		
– In Hong Kong	77,320	77,320
– In mainland China	18,028	18,028

During the years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period during which they occur.

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation process

The Group's investment properties and investment properties under development were revalued at 31 December 2022 by Cushman & Wakefield Limited, a firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued, on a market value basis.

The Group's management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

Valuation methodologies

The valuations of completed investment properties in Hong Kong and mainland China were based on income capitalisation approach which capitalised the net income of the properties and taking into account the reversionary potential of the properties after expiry of the current lease.

For certain investment properties in Hong Kong and mainland China which are still under development, the valuations were determined on redevelopment basis and by taking into account the fair value of the completed investment property and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

Inputs used in Level 3 fair value measurement

Below is a table which presents the significant unobservable inputs:

Completed investment properties

	Range of capitalisation rates		Range of occupancy rates	
	2022 %	2021 %	**2022 %**	2021 %
In Hong Kong				
– Retail	**2.75%-6.0%**	2.75%-6.0%	**20%-100%**	33%-100%
– Office/industrial	**3.0%-4.125%**	3.0%-4.125%	**65%-100%**	43%-100%
In mainland China				
– Retail	**6.0%-8.5%**	6.0%-8.5%	**45%-100%**	70%-100%
– Office	**5.0%-7.5%**	6.0%-7.5%	**50%-100%**	50%-100%

The fair value measurement of completed investment properties is positively correlated to the occupancy rate and negatively correlated to the capitalisation rate.

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Inputs used in Level 3 fair value measurement (continued)

Investment properties under development

	Estimated project development cost	
	2022	2021
In Hong Kong	**HK$7 million to HK$15,990 million**	HK$7 million to HK$11,626 million
In mainland China	**HK$74 million**	HK$1,262 million to HK$2,358 million

The fair value measurement of investment properties under development is negatively correlated to the estimated cost to completion, being determined as the estimated project development cost less the actual amount of project development cost incurred up to the end of the reporting period.

Valuation

As a result, a net fair value loss on investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests' attributable share and deferred tax) in the aggregate amount of HK$64 million (2021: a net fair value gain on investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests' attributable share and deferred tax) in the aggregate amount of HK$26 million) has been recognised in the consolidated statement of profit or loss for the year (see note 14(b)).

In aggregate, the Group's attributable share of the net fair value losses (net of deferred tax) on investment properties and investment properties under development held by subsidiaries, associates and joint ventures for the year ended 31 December 2022 amounted to HK$237 million (2021: HK$119 million).

A reconciliation of the abovementioned figures is as follows:

	For the year ended 31 December 2022		
	Hong Kong HK$ million	**Mainland China HK$ million**	**Total HK$ million**
Fair value (loss)/gain on investment properties and investment properties under development held by			
– subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	**(198)**	**186**	**(12)**
Less:			
Deferred tax	**–**	**(67)**	**(67)**
Non-controlling interests' attributable share of the fair value loss (net of deferred tax)	**5**	**10**	**15**
(after deducting non-controlling interests' attributable share and deferred tax) (note 14(b))	**(193)**	**129**	**(64)**
– associates (Group's attributable share) (notes 14(b) and 15(a)(iii))	**23**	**–**	**23**
– joint ventures (Group's attributable share) (notes 14(b) and 15(a)(iv))	**(165)**	**(31)**	**(196)**
	(335)	**98**	**(237)**

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation (continued)

A reconciliation of the abovementioned figures is as follows: (continued)

	For the year ended 31 December 2021		
	Hong Kong HK$ million	Mainland China HK$ million	Total HK$ million
Fair value (loss)/gain on investment properties and investment properties under development held by			
– subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	(149)	208	59
Less:			
Deferred tax	–	(66)	(66)
Non-controlling interests' attributable share of the fair value loss/(gain) (net of deferred tax)	34	(1)	33
(after deducting non-controlling interests' attributable share and deferred tax) (note 14(b))	(115)	141	26
– associates (Group's attributable share) (notes 14(b) and 15(a)(iii))	(16)	–	(16)
– joint ventures (Group's attributable share) (notes 14(b) and 15(a)(iv))	(105)	(24)	(129)
	(236)	117	(119)

(d) All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

(e) Valuation uncertainty due to COVID-19

During the year ended 31 December 2022, the impact of COVID-19 pandemic on the economy had an adverse effect on certain tenants' business operations, business viabilities and abilities to meet rental obligations. Such uncertainty has been considered in the valuation of investment property, especially in estimating the market rents and the market yields, all of which are significant inputs into the fair value measurement.

The market disruption caused by COVID-19 pandemic has also resulted in a reduction in transactional evidence and market yields. Whilst this would not invalidate the valuation of the Group's portfolio of investment properties at 31 December 2022, it nevertheless implies that there was more uncertainty than under normal market conditions.

17 Right-of-use assets

	2022 HK$ million	2021 HK$ million
Cost:		
At 1 January	**1,305**	1,166
Exchange adjustments	**(1)**	1
Additions for the year (note 31)	**619**	170
Addition due to the Group's obtaining of control in Miramar (note 5)	**–**	191
Elimination in relation to leasing activities between the Group's other subsidiaries and Miramar	**–**	(154)
Written back on expiry of leases	**(175)**	(69)
At 31 December	**1,748**	1,305
Accumulated depreciation and impairment losses:		
At 1 January	**798**	416
Exchange adjustments	**(1)**	1
Addition due to the Group's obtaining of control in Miramar (note 5)	**–**	136
Elimination in relation to leasing activities between the Group's other subsidiaries and Miramar	**–**	(51)
Charge for the year (note 8(d))	**351**	356
Impairment loss	**–**	9
Written back on expiry of leases	**(175)**	(69)
At 31 December	**973**	798
Net book value:		
At 31 December	**775**	507

17 Right-of-use assets (continued)

Except for short-term leases and leases of low-value assets of the Group of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable, the Group recognises for each of the remaining leases (the "Remaining Leases") a right-of-use asset.

Depreciation charge on the right-of-use assets is recognised using the straight-line method over a period of 2 years to 8 years, being the periods from the dates of the commencement/modification of the Remaining Leases to the end of the term of the Remaining Leases, taking into consideration any renewal options attaching thereto (if any).

The carrying balances of the right-of-use assets are amortised to nil on the expiry dates of the Remaining Leases.

Indirect ownership interests in leasehold land and buildings relate to certain investment properties held by (i) an associate and a joint venture of the Group; and (ii) Sunlight Real Estate Investment Trust ("Sunlight REIT"). Other properties leased for own use relate to certain property interests held by external third parties.

Further analysis of right-of-use assets by category, at net book values, is as follows:

	2022 HK$ million	2021 HK$ million
At 1 January		
– Indirect ownership interests in leasehold land and buildings	**300**	510
– Other properties leased for own use	**207**	240
	507	750
At 31 December		
– Indirect ownership interests in leasehold land and buildings	**192**	300
– Other properties leased for own use	**583**	207
	775	507

18 Goodwill

Goodwill of HK$262 million had arisen from the acquisition of UNY (HK) Co., Limited (which was subsequently renamed as Unicorn Stores (HK) Limited on 27 July 2018) by Henderson Investment Limited, a listed subsidiary of the Company, in May 2018.

The Directors have assessed that there was no impairment on the goodwill at 31 December 2022 and 31 December 2021.

19 Trademarks

	2022 HK$ million	2021 HK$ million
Cost:		
At 1 January	**109**	–
Addition due to the Group's obtaining of control in Miramar on 14 April 2021 (note 5)	**–**	109
At 31 December	**109**	109
Accumulated amortisation:		
At 1 January	**3**	–
Amortisation during the year ended 31 December 2022 (2021: period from 14 April 2021 to 31 December 2021) (note 8(d))	**4**	3
At 31 December	**7**	3
Carrying amount:		
At 31 December	**102**	106

On 14 April 2021, the Group obtained control of Miramar (see note 5) and has adopted the purchase price allocation method and identified Miramar's trademarks as an identifiable asset measured at fair value at 14 April 2021 based on the Directors' valuation with reference to the valuation performed by a professional valuer.

The amortisation charge on the cost of the trademarks of Miramar's food and beverage operation and travel operation, in the aggregate amount of HK$4 million for the year ended 31 December 2022 (2021: HK$3 million for the period from 14 April 2021 to 31 December 2021), is included in "Administrative expenses" in the Group's consolidated statement of profit or loss.

20 Interest in subsidiaries

Details of the principal subsidiaries at 31 December 2022 which materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio are set out on pages 296 to 302.

The following table lists out the information relating to Miramar, the only subsidiary of the Group which has a material non-controlling interest not held by the Group ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination and consolidation adjustments.

	2022 HK$ million	2021 HK$ million
NCI percentage	**49.925%**	49.925%
Current assets	**5,780**	5,604
Non-current assets	**15,465**	15,478
Current liabilities	**(625)**	(527)
Non-current liabilities	**(499)**	(513)
Non-controlling interests	**(155)**	(160)
Net assets attributable to equity shareholders	**19,966**	19,882
Carrying amount of NCI	**9,968**	9,926
Revenue	**1,382**	1,247
Profit for the year	**489**	336
Total comprehensive income	**404**	376
Profit allocated to NCI for the year ended 31 December 2022 (2021: period from 14 April 2021 to 31 December 2021)	**244**	128
Dividends paid to NCI for the year ended 31 December 2022 (2021: period from 14 April 2021 to 31 December 2021)	**162**	166
Cash flows generated from operating activities	**268**	202
Cash flows generated from/(used in) investing activities	**856**	(1,477)
Cash flows used in financing activities	**(38)**	(53)

21 Interest in associates

	2022 HK$ million	2021 HK$ million
Unlisted		
Share of net assets	**3,282**	3,447
Amounts due from associates	**1,156**	2,765
Less: Impairment loss	**(44)**	(44)
	4,394	6,168
Listed in Hong Kong		
Share of net assets, including goodwill on acquisition	**45,619**	47,787
	50,013	53,955
Market value of listed shares	**58,445**	94,721

Except for the amounts due from associates of HK$21 million (2021: HK$24 million) which are interest-bearing at Hong Kong dollar prime rate less 3% (2021: Hong Kong dollar prime rate less 3%) per annum, all of the amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. The balances are not expected to be recovered within one year from the end of the reporting period and were not past due at 31 December 2022 and 31 December 2021.

21 Interest in associates (continued)

All of the associates are accounted for using the equity method in the consolidated financial statements. Details of the principal associates at 31 December 2022 are set out on page 303.

Summarised financial information of the material associate, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	The Hong Kong and China Gas Company Limited *(note)*	
	2022 HK$ million	2021 HK$ million
Gross amounts of the associate's:		
Current assets	**28,711**	24,188
Non-current assets	**139,901**	144,021
Current liabilities	**(43,523)**	(38,534)
Non-current liabilities	**(49,826)**	(47,713)
Equity	**75,263**	81,962
Revenue	**60,953**	53,564
Profit from continuing operation	**6,324**	6,226
Other comprehensive income	**(5,896)**	2,095
Total comprehensive income	**428**	8,321
Dividend received from the associate	**2,712**	2,627
Reconciled to the Group's interest in the associate:		
Gross amount of net assets of the associate	**75,263**	81,962
Carrying amount of perpetual capital securities	**(2,384)**	(2,384)
Non-controlling interests	**(11,527)**	(12,028)
Equity attributable to equity shareholders	**61,352**	67,550
Group's interest	**41.53%**	41.53%
Group's share of the associate's equity attributable to equity shareholders	**25,479**	28,054
Goodwill	**17,519**	17,519
Carrying amount in the consolidated financial statements	**42,998**	45,573
Market value of the listed shares	**57,495**	94,069

Note: The principal activities of The Hong Kong and China Gas Company Limited are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses. Its distinctive business nature forms a supplement to the Group's core businesses of property development and property investment and smoothens the cyclicality of the Group's property development business.

21 Interest in associates (continued)

Aggregate information of associates that are not individually material:

	2022 HK$ million	2021 HK$ million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**7,015**	8,382
Aggregate amounts of the Group's share of those associates:		
Profit from continuing operation	**482**	112
Other comprehensive income	**(225)**	102
Total comprehensive income	**257**	214

22 Interest in joint ventures

	2022 HK$ million	2021 HK$ million
Share of net assets	**52,604**	53,593
Less: Impairment loss	**(2)**	(2)
	52,602	53,591
Amounts due from joint ventures	**27,309**	27,296
	79,911	80,887

The amounts due from joint ventures are unsecured, interest-free, have no fixed terms of repayment and are not expected to be recovered within one year from the end of the reporting period except for the amounts of (i) HK$2,123 million (2021: HK$35 million) which are interest-bearing at interest rates ranging from Hong Kong dollar prime rate less 3% to Hong Kong dollar prime rate (2021: ranging from Hong Kong dollar prime rate less 3% to Hong Kong dollar prime rate) per annum; and (ii) HK$7,971 million (2021: HK$7,834 million) which are interest-bearing at interest rates ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 0.5% to HIBOR plus 1% (2021: ranging from HIBOR plus 0.5% to HIBOR plus 1%) per annum. The balances were not past due at 31 December 2022 and 31 December 2021.

All of the joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the principal joint ventures at 31 December 2022 are set out on page 304.

22 Interest in joint ventures (continued)

Summarised financial information of the material joint venture, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Central Waterfront Property Investment Holdings Limited *(note)*	
	2022 HK$ million	2021 HK$ million
Gross amounts of the joint venture's:		
Current assets	**540**	505
Non-current assets	**114,568**	114,932
Current liabilities	**(1,801)**	(2,767)
Non-current liabilities	**(18,653)**	(17,551)
Equity	**94,654**	95,119
Included in the above assets and liabilities:		
Cash and cash equivalents	**199**	178
Current financial liabilities (excluding trade and other payables and provisions)	**–**	(1,000)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(17,425)**	(16,385)
Revenue	**4,689**	4,915
Decrease in fair value of investment properties	**(382)**	(21)
Profit from continuing operation	**1,995**	2,657
Other comprehensive income	**(51)**	(22)
Total comprehensive income	**1,944**	2,635
Dividend received from the joint venture	**824**	828
Included in the above profit:		
Depreciation and amortisation	**(100)**	(73)
Interest income	**2**	–
Interest expense	**(440)**	(306)
Income tax expense	**(469)**	(512)
Reconciled to the Group's interest in the joint venture:		
Gross amount of net assets of the joint venture	**94,654**	95,119
Group's interest	**34.21%**	34.21%
Group's share of net assets of the joint venture and its carrying amount in the consolidated financial statements	**32,381**	32,540

Note: Central Waterfront Property Investment Holdings Limited was incorporated in the British Virgin Islands by the Group and its joint venture partners and operates in Hong Kong. Its subsidiaries are mainly engaged in property investment and hotel operation in The International Finance Centre complex in Hong Kong.

22 Interest in joint ventures (continued)

Aggregate information of joint ventures that are not individually material:

	2022 HK$ million	2021 HK$ million
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**47,530**	48,347
Aggregate amounts of the Group's share of those joint ventures:		
Profit from continuing operation	**1,274**	718
Other comprehensive income	**(1,693)**	410
Total comprehensive income	**(419)**	1,128

23 Derivative financial instruments

	2022		2021	
	Assets HK$ million	Liabilities HK$ million	Assets HK$ million	Liabilities HK$ million
Cash flow hedges:				
Cross currency interest rate swap contracts (note 4(h)(i))	**129**	**1,003**	714	347
Interest rate swap contracts (note 4(h)(i))	**580**	**–**	5	74
Total cash flow hedges	**709**	**1,003**	719	421
Fair value through profit or loss:				
Cross currency interest rate swap contracts (note 4(h)(i))	**2**	**–**	8	4
Cross currency swap contract (note 4(h)(i))	**–**	**19**	–	–
Interest rate swap contracts (note 4(h)(i))	**557**	**335**	199	306
Foreign exchange forward contracts (note 4(h)(i))	**–**	**1**	26	25
	559	**355**	233	335
	1,268	**1,358**	952	756
Representing:				
Non-current portion	**1,215**	**1,153**	769	720
Current portion (notes 27 and 30)	**53**	**205**	183	36
	1,268	**1,358**	952	756

Details of the Group's derivative financial instruments under cash flow hedges and economic hedges which hedged against interest rate risk, foreign currency risk and both the foreign currency and interest rate risks, in relation to the Group's bank loans and guaranteed notes at 31 December 2022 and 31 December 2021, are set out in note 4(c) to these financial statements.

24 Other financial assets

	2022 HK$ million	2021 HK$ million
Investments designated as financial assets at FVOCI (non-recycling)		
Investments in equity securities		
Unlisted (note 4(h)(i))	**35**	59
Listed (note 4(h)(i)):		
– in Hong Kong	**68**	124
	103	183
Investments measured as financial assets at FVPL		
Investments in other securities		
Listed (note 4(h)(i)):		
– in Hong Kong	**1,132**	1,364
	1,132	1,364
Financial assets measured at amortised cost		
Corporate bonds	**16**	8
Instalments receivable	**4,953**	6,409
Loans receivable	**1,108**	1,139
	6,077	7,556
	7,312	9,103

(a) Instalments receivable

Instalments receivable represent the proceeds receivable from the sale of properties due after more than one year from the end of the reporting period. The balance included in “Other financial assets” was not past due at 31 December 2022 and 31 December 2021. Instalments receivable due within one year from the end of the reporting period are included in “Trade and other receivables” under current assets (see note 27).

Instalments receivable, which are due within one year (see note 27) and after more than one year from the end of the reporting period, included an amount of HK$4,020 million (2021: HK$5,329 million) representing the aggregate attributable amounts of the outstanding mortgage loans advanced by the Group to the property buyers and which were already drawdown by the property buyers at the end of the reporting period.

(b) Loans receivable

The Group’s loans receivable comprised the following amounts:

	2022 HK$ million	2021 HK$ million
Secured loans	**1,060**	949
Unsecured loans	**48**	190
	1,108	1,139

24 Other financial assets (continued)

(b) Loans receivable (continued)

At 31 December 2022, except for an amount of HK$550 million (2021: HK$550 million) which is interest-bearing at HIBOR plus 2.25% (2021: HIBOR plus 2.25%) per annum, the remaining balance of the abovementioned secured loans in the aggregate amount of HK$510 million (2021: HK$399 million) is interest-bearing at fixed interest rate of 5.5% (2021: 5.5%) per annum.

The entire balance of the abovementioned unsecured loans is interest-bearing at fixed interest rate of 7.5% (2021: fixed interest rates ranging from 3.8% to 7.5%) per annum.

These balances are due after more than one year from the end of the reporting period and were not past due at 31 December 2022 and 31 December 2021.

The balances of loans receivable which are expected to be recovered within one year from the end of the reporting period have been classified as "Trade and other receivables" under current assets (see note 27). The balances were not past due at 31 December 2022 and 31 December 2021.

25 Deposits for acquisition of properties

At 31 December 2021, the Group's deposits for acquisition of properties mainly included HK$339 million paid relating to the acquisition of certain pieces of land/properties located in mainland China. During the year ended 31 December 2022, the Group recovered its land deposits paid in prior years in the aggregate amount of HK$335 million in respect of certain property development projects in mainland China.

During the corresponding year ended 31 December 2021, the Group recovered an amount of HK$261 million, being the remaining balance of the deposit which had been made by the Group in 2005 regarding the land concession received by a non-wholly owned subsidiary of the Group relating to a development site situated in Macau Special Administrative Region, but for which the conditions precedent for such subsidiary's acquisition of the land had not been fulfilled and the acquisition could not proceed.

26 Inventories

	2022 HK$ million	2021 HK$ million
Property development		
Leasehold land held for development for sale	**11,040**	10,851
Properties held for/under development for sale	**56,390**	75,739
Completed properties for sale	**29,642**	22,434
	97,072	109,024
Other operations		
Trading stocks and consumable stores	**186**	156
	97,258	109,180

26 Inventories (continued)

The analysis of carrying value of inventories for property development is as follows:

	2022 HK$ million	2021 HK$ million
In Hong Kong		
– under long leases	**38,059**	38,521
– under medium-term leases	**53,462**	64,614
	91,521	103,135
In mainland China		
– under long leases	**4,965**	4,963
– under medium-term leases	**586**	926
	5,551	5,889
	97,072	109,024
Including:		
– Properties expected to be completed after more than one year	**44,869**	58,347

27 Trade and other receivables

	2022 HK$ million	2021 HK$ million
(i) Debtors and current receivables		
Trade receivables	**366**	310
Instalments receivable (note 24(a))	**280**	194
Sub-total: Trade debtors	**646**	504
Other debtors	**4,318**	6,777
Prepayments and deposits	**4,396**	5,043
Gross amount due from customers for contract work (note 28)(^)	**105**	82
Amounts due from associates	**109**	5
Amounts due from joint ventures	**290**	148
	9,864	12,559
(ii) Other current financial assets		
Loans receivable (note 24(b))	**3,301**	3,714
Financial assets measured at FVPL (note 4(h)(i))	**450**	388
Derivative financial instruments (note 23)	**53**	183
	3,804	4,285
	13,668	16,844

(^) *This balance represented the excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers at the end of the reporting period, and was recognised as contract asset (see note 2(p)).*

27 Trade and other receivables (continued)

Included in other debtors is an amount receivable of HK$1,867 million which was overdue at 31 December 2022 and 31 December 2021, but which are pledged against certain collaterals provided by the debtor.

Loans receivable, of which HK$69 million (2021: HK$63 million) are secured and HK$3,232 million (2021: HK$3,651 million) are unsecured, are expected to be recovered within one year from the end of the reporting period, and were not past due at 31 December 2022 and 31 December 2021.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

Gross amount due from customers for contract work
The Group's construction contracts include payment schedules which require staged payments over the construction period once certain milestones are reached as certified by architects' certificates. At 31 December 2022, the Group had one construction contract for agreed retention period of twelve months for 10% of the contract value (2021: the Group had two construction contracts for agreed retention period of twelve months for 5% to 10% of the contract value), which amounts are included in contract assets until the end of the retention period as the Group's entitlements to these final payments are conditional on the Group's construction works satisfactorily passing inspection.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year except for various deposits, prepayments and other debtors of HK$4,590 million (2021: HK$3,499 million) which are expected to be recovered after more than one year from the end of the reporting period.

The amounts due from associates and joint ventures at 31 December 2022 and 31 December 2021 are unsecured, interest-free, have no fixed terms of repayment and were not past due at 31 December 2022 and 31 December 2021.

(a) Ageing analysis

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the dates of invoices or demand notes and net of loss allowance, is as follows:

	2022 HK$ million	2021 HK$ million
Current or up to 1 month	**505**	405
More than 1 month and up to 3 months	**58**	44
More than 3 months and up to 6 months	**27**	18
More than 6 months	**56**	37
	646	504

Details of the Group's credit policy are set out in note 4(a).

27 Trade and other receivables (continued)

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(n)(i)).

The movement in the allowance account during the year is as follows:

	2022 HK$ million	2021 HK$ million
At 1 January	**31**	22
Exchange differences	**(1)**	–
Addition due to the Group's obtaining of control in Miramar	**–**	10
Impairment loss (notes 7 and 15(c))	**2**	1
Uncollectible amounts written off	**(1)**	(2)
At 31 December	**31**	31

28 Gross amount due from/(to) customers for contract work

	2022 HK$ million	2021 HK$ million
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus profits less losses	**891**	678
Progress billings	**(791)**	(600)
Net contract work	**100**	78
Represented by:		
Gross amount due from customers for contract work recognised as contract assets under "Trade and other receivables" (note 27)	**105**	82
Gross amount due to customers for contract work recognised as contract liabilities under "Trade and other payables" (note 30)	**(5)**	(4)
	100	78

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities

(a) Cash and cash equivalents comprise:

	2022 HK$ million	2021 HK$ million
Deposits with banks and other financial institutions	**7,189**	8,937
Structured bank deposits	**–**	39
Cash at bank and in hand	**4,106**	1,971
Cash and bank balances in the consolidated statement of financial position	**11,295**	10,947
Less:		
Deposits with banks and other financial institutions over three months of maturity at acquisition	**(1,468)**	(2,412)
Cash restricted for use	**(165)**	(392)
Structured bank deposits	**–**	(39)
Cash and cash equivalents in the consolidated cash flow statement	**9,662**	8,104

At 31 December 2022, cash and bank balances in the consolidated statement of financial position included (i) bank balances in the aggregate amount of HK$165 million (2021: HK$392 million) which were restricted for use and primarily comprised the guarantee deposits for the construction of certain property development projects under pre-sales in mainland China; and (ii) structured bank deposits denominated in Renminbi in the equivalent amount of HK$Nil (2021: HK$39 million) which were capital-protected.

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities (continued)

(b) Movements in the carrying amounts of items relating to financing activities

	Lease liabilities HK$ million (note 31)	Bank loans HK$ million (note 32)	Guaranteed notes HK$ million (note 33)	Derivative financial instruments, net HK$ million (note 23)	Amount due to a fellow subsidiary HK$ million (note 34)	Amounts due to related companies HK$ million (note 35)	Amounts due to non-controlling interests and joint ventures, net HK$ million	Total HK$ million
At 1 January 2021	773	68,666	18,753	(337)	4,389	2,137	5,984	100,365
Consolidation of Miramar upon obtaining of control (note 5)	70	3	–	–	–	–	–	73
Changes from financing cash flows:								
Advance from non-controlling interests, net	–	–	–	–	–	–	115	115
Proceeds from new bank loans/ guaranteed notes	–	59,777	9,589	–	–	–	–	69,366
Repayment of bank loans/guaranteed notes	–	(53,341)	(3,074)	–	–	–	–	(56,415)
Increase in amount due to a fellow subsidiary	–	–	–	–	49,321	–	–	49,321
Increase in amounts due to related companies	–	–	–	–	–	881	–	881
Payments of principal portion of lease liabilities	(389)	–	–	–	–	–	–	(389)
Interest and other borrowing costs paid during the year	(20)	(684)	(547)	(276)	(122)	(14)	(211)	(1,874)
Total changes from financing cash flows	(409)	5,752	5,968	(276)	49,199	867	(96)	61,005
Exchange adjustments	1	(762)	97	–	–	67	–	(597)
Changes in fair value	–	–	–	141	–	–	–	141
Other changes:								
Interest expenses (before capitalisation) for the year (note 8(a))	20	600	634	296	122	105	211	1,988
Other borrowing costs (before capitalisation) for the year (note 8(a))	–	101	4	–	–	–	–	105
Increase in lease liabilities from entering into new leases during the year	170	–	–	–	–	–	–	170
Others	(84)	(2)	(75)	(20)	–	–	936	755
Total other changes	106	699	563	276	122	105	1,147	3,018
At 31 December 2021	541	74,358	25,381	(196)	53,710	3,176	7,035	164,005

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities (continued)

(b) Movements in the carrying amounts of items relating to financing activities (continued)

	Lease liabilities HK$ million (note 31)	Bank loans HK$ million (note 32)	Guaranteed notes HK$ million (note 33)	Derivative financial instruments, net HK$ million (note 23)	Amount due to a fellow subsidiary HK$ million (note 34)	Amounts due to related companies HK$ million (note 35)	Amounts due to non-controlling interests and joint ventures, net HK$ million	Total HK$ million
At 1 January 2022	541	74,358	25,381	(196)	53,710	3,176	7,035	164,005
Changes from financing cash flows:								
Advance from non-controlling interests, net	–	–	–	–	–	–	60	60
Proceeds from new bank loans/guaranteed notes	–	59,858	4,269	–	–	–	–	64,127
Repayment of bank loans/ guaranteed notes	–	(73,355)	(1,578)	–	–	–	–	(74,933)
Increase in amount due to a fellow subsidiary	–	–	–	–	2,297	–	–	2,297
Decrease in amounts due to related companies	–	–	–	–	–	(69)	–	(69)
Payments of principal portion of lease liabilities	(334)	–	–	–	–	–	–	(334)
Interest and other borrowing costs paid during the year	(36)	(1,268)	(700)	(99)	(1,109)	(96)	(214)	(3,522)
Total changes from financing cash flows	(370)	(14,765)	1,991	(99)	1,188	(165)	(154)	(12,374)
Exchange adjustments	–	(893)	(526)	–	–	(268)	–	(1,687)
Changes in fair value	–	–	–	286	–	–	–	286
Other changes:								
Interest expenses (before capitalisation) for the year (note 8(a))	36	1,192	751	106	1,109	111	214	3,519
Other borrowing costs (before capitalisation) for the year (note 8(a))	–	128	3	–	–	–	–	131
Increase in lease liabilities from entering into new leases during the year	619	–	–	–	–	–	–	619
Others	(17)	(56)	(37)	(7)	–	–	(18)	(135)
Total other changes	638	1,264	717	99	1,109	111	196	4,134
At 31 December 2022	809	59,964	27,563	90	56,007	2,854	7,077	154,364

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities (continued)

(c) Total cash outflow for leases (under which the Group is the lessee)

Amounts included in the Group's consolidated cash flow statement for leases (under which the Group is the lessee) comprise the following:

	2022 HK$ million	2021 HK$ million
Within operating cash flows (relating to short-term leases which fall within the "practical expedient" under HKFRS 16 (before capitalisation))	**20**	18
Within financing cash flows (note 29(b))	**370**	409
Total cash outflows recognised in the Group's consolidated cash flow statement	**390**	427

30 Trade and other payables

	2022 HK$ million	2021 HK$ million
Creditors and accrued expenses	**8,581**	8,582
Gross amount due to customers for contract work (note 28)[(#)]	**5**	4
Rental and other deposits received	**1,905**	1,966
Forward sales deposits received and other contract liabilities[(#)]	**3,909**	6,136
Derivative financial instruments (note 23)	**205**	36
Provision for reinstatement costs	**–**	12
Amounts due to associates	**1,759**	1,321
Amounts due to joint ventures	**9,909**	10,423
	26,273	28,480

(#) *These balances represented the excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss at the end of the reporting period, and were recognised as contract liabilities (see note 2(p)).*

Provision for long service payment

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was enacted in June 2022 which abolishes the use of the accrued benefits of employers' mandatory contributions under the Mandatory Provident Fund Schemes Ordinance and/or Occupational Retirement Schemes Ordinance to offset severance payment and long service payment (the "Offsetting Arrangement"). The abolishment of the Offsetting Arrangement would increase the state benefits that affect the long service payment payable by the employer. In accordance with the requirement of HKAS 19, *Employee benefits*, management has re-measured the provision for long service payment to reflect the financial impact of the abolishment of the Offsetting Arrangement. As a result, a provision for long service payment in the amount of HK$42 million has been recognised at 31 December 2022 (2021: HK$2 million) which is included in "Creditors and accrued expenses" above.

30 Trade and other payables (continued)

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Forward sales deposits received

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

However, depending on market conditions, the Group may offer to customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the sale consideration early while construction is still ongoing, rather than upon legal assignment. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property construction period for the full amount of the sale consideration.

Movements in contract liabilities

	Forward sales deposits received and other contract liabilities	
	2022 HK$ million	2021 HK$ million
At 1 January	**6,136**	8,587
Addition due to the Group's obtaining of control in Miramar (note 5)	**–**	71
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(5,796)**	(3,440)
Increase in contract liabilities as a result of forward sales deposits and other contract liabilities received from customers during the year in relation to property projects held for/under development and completed property projects pending assignment/completion, and in relation to provision of services at the end of the year	**3,569**	918
At 31 December	**3,909**	6,136

(a) All of the Group's trade and other payables are expected to be settled within one year or are repayable on demand except for an amount of HK$1,086 million (2021: HK$1,150 million) which is expected to be settled after more than one year from the end of the reporting period.

(b) At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the due dates for settlement, is as follows:

	2022 HK$ million	2021 HK$ million
Due within 1 month or on demand	**1,983**	2,927
Due after 1 month but within 3 months	**375**	398
Due after 3 months but within 6 months	**326**	326
Due after 6 months	**1,573**	1,306
	4,257	4,957

30 Trade and other payables (continued)

(c) The amounts due to associates and joint ventures at 31 December 2022 and 31 December 2021 are unsecured, interest-free and have no fixed terms of repayment except for aggregate amounts due to certain associates and certain joint ventures of HK$2,894 million (2021: HK$2,426 million) which are unsecured, interest-bearing at interest rates ranging from 3.65% to 3.85% (2021: ranging from 3.80% to 3.85%) per annum and wholly repayable between 20 January 2023 and 8 December 2023 (2021: between 24 January 2022 and 29 November 2022).

31 Lease liabilities

	2022 HK$ million	2021 HK$ million
At 1 January	**541**	773
Exchange adjustments	**–**	1
Additions for the year (notes 17 and 29(b))	**619**	170
Addition due to the Group's obtaining of control in Miramar (notes 5 and 29(b))	**–**	70
Elimination in relation to leasing activities between the Group's other subsidiaries and Miramar	**–**	(84)
Lease payments made during the year (note 29(b))	**(370)**	(409)
Reclassification of rental deposits paid from trade and other receivables	**(17)**	–
Finance costs on lease liabilities for the year (notes 8(a) and 29(b))	**36**	20
At 31 December	**809**	541

	2022 HK$ million	2021 HK$ million
Represented by:		
Amount classified under current liabilities		
– contractual maturity within 1 year	**252**	290
Amounts classified under non-current liabilities		
– contractual maturity after 1 year but within 2 years	**142**	163
– contractual maturity after 2 years but within 5 years	**266**	88
– contractual maturity after 5 years	**149**	–
	557	251
	809	541

The carrying balances of the lease liabilities are amortised to nil on the expiry dates of the Remaining Leases.

32 Bank loans

The Group's bank loans are repayable as follows:

	2022 HK$ million	2021 HK$ million
Within 1 year and included in current liabilities	**21,737**	30,207
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**17,533**	11,903
– After 2 years but within 5 years	**13,363**	12,703
– After 5 years	**7,331**	19,545
	38,227	44,151
	59,964	74,358

At 31 December 2022 and 31 December 2021, all of the bank loans were unsecured.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain ratios in the Group's statement of financial position and minimum net assets requirement, as are commonly found in lending arrangements with financial institutions. Any breach of the covenants by the Group would result in the drawdown facilities to become repayable on demand. The Group regularly monitors its compliance with those covenants. Further details of the Group's management of liquidity risk are set out in note 4(b). At 31 December 2022 and 31 December 2021, none of the covenants relating to the drawdown facilities had been breached.

33 Guaranteed notes

	2022 HK$ million	2021 HK$ million
Guaranteed notes due 2022	**–**	156
Guaranteed notes issued pursuant to the Medium Term Note Programme	**27,563**	25,225
	27,563	25,381

The Group's guaranteed notes are repayable as follows:

	2022 HK$ million	2021 HK$ million
Within 1 year and included in current liabilities	**8,916**	1,577
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**6,035**	9,337
– After 2 years but within 5 years	**6,635**	8,033
– After 5 years	**5,977**	6,434
	18,647	23,804
	27,563	25,381

33 Guaranteed notes (continued)

(a) Guaranteed notes due 2022

On 25 July 2007, the Company through a wholly-owned subsidiary issued guaranteed loan notes (the "2007 Notes") with aggregate principal amounts of US$325 million and £50 million under private placements in the United States of America and in Europe, respectively. At 31 December 2021, the 2007 Notes with principal amount of US$20 million bore fixed interest rate at 6.38% per annum payable semi-annually in arrears. The 2007 Notes were guaranteed by the Company and matured on 25 July 2022.

(b) Guaranteed notes issued pursuant to the Medium Term Note Programme (the "MTN Programme")

On 6 May 2022, the Company increased the maximum aggregate principal amount of notes to be guaranteed by the Company and outstanding at any one time under the MTN Programme, from US$5,000 million to US$7,000 million. The aggregate carrying amounts of the guaranteed notes issued under the MTN Programme during the year ended 31 December 2022 were HK$3,350 million, US$55 million and RMB400 million, and the guaranteed notes issued under the MTN Programme which remained outstanding at 31 December 2022 comprised HK$14,202 million, US$995 million, RMB4,932 million and ¥2,000 million (2021: the aggregate carrying amounts of the guaranteed notes issued under the MTN Programme during the year were HK$3,897 million, US$30 million and RMB4,532 million, and the guaranteed notes issued under the MTN Programme which remained outstanding at 31 December 2021 comprised HK$12,274 million, US$940 million, RMB4,532 million and ¥2,000 million).

The guaranteed notes which remained outstanding at 31 December 2022 under the MTN Programme were issued by a wholly-owned subsidiary of the Company during the period between 20 October 2011 and 6 September 2022 (2021: between 20 October 2011 and 19 November 2021), and bear coupon rates ranging from 0.80% to 6.42% per annum (2021: 0.80% to 5.20% per annum) payable quarterly, semi-annually or annually in arrears, and have maturity dates between 14 January 2023 (which had already been repaid by the Group on the maturity date) and 9 March 2035 (2021: between 4 February 2022 (which had already been repaid by the Group on the maturity date) and 9 March 2035).

34 Amount due to a fellow subsidiary

At 31 December 2022 and 31 December 2021, all of the amount due to a fellow subsidiary (being a wholly-owned subsidiary of the ultimate controlling party of the Group) was unsecured, interest-bearing and was not expected to be settled within one year from the end of the reporting period, and has no fixed terms of repayment.

35 Amounts due to related companies

At 31 December 2022 and 31 December 2021, all of the amounts due to related companies were unsecured, interest-bearing and repayable as follows:

	2022 HK$ million	2021 HK$ million
Within 1 year and included in current liabilities	**2,427**	111
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**427**	2,527
– After 2 years but within 5 years	**–**	538
	427	3,065
	2,854	3,176

36 Non-controlling interests

Included in the Group's non-controlling interests of HK$17,204 million at 31 December 2022 (2021: HK$17,159 million) are (i) an amount of HK$12,391 million related to Miramar's consolidated net assets attributable to the non-controlling interests at 31 December 2022 (2021: HK$12,300 million, see note 5); and (ii) an amount of HK$155 million related to the non-controlling interests in Miramar's subsidiaries as 31 December 2022 (2021: HK$160 million).

37 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances during the year of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of changes in the Company's individual components of equity between the beginning and the end of the year are set out in note 44(b).

(b) Nature and purpose of reserves

(i) Property revaluation reserve

The property revaluation reserve relates to other land and buildings. Where other land and buildings is reclassified to investment properties, the cumulative increase in fair value at the date of reclassification is included in the property revaluation reserve, and will be transferred to retained profits upon the retirement or disposal of the relevant property.

(ii) Exchange reserve

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

(iii) Fair value reserve (recycling)

The fair value reserve (recycling) comprises the cumulative net change in the fair value of debt securities measured at FVOCI under HKFRS 9 held at the end of the reporting period (see note 2(g)).

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investment designated at FVOCI under HKFRS 9 held at the end of the reporting period (see note 2(g)).

(v) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a derivative financial instrument which is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, in accordance with the accounting policy adopted for cash flow hedges in note 2(i).

(vi) Other reserves

Other reserves mainly comprise the statutory reserve set up for enterprises established in mainland China. According to the relevant rules and regulations in the People's Republic of China ("the PRC") applicable to wholly foreign-owned enterprises, a wholly foreign-owned enterprise is required to transfer at least 10% of its profit after taxation, as determined under the PRC Accounting Regulations, to a reserve fund until the reserve fund balance reaches 50% of the relevant enterprise's registered capital.

38 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that the Group can continue to provide financial returns to shareholders and by securing access to financing sources at reasonable costs.

The Group regularly reviews and manages its capital structure under the policy of prudent financial management. The Group maintains a financially sound capital position and, where appropriate, makes adjustments to its capital structure in light of remarkable changes in the financial and capital markets and in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio, which is one of the most commonly adopted measurement standards for capital management by companies engaged in the businesses of property development and property investment. Gearing ratio is calculated based on the net debt (being the aggregate of the Group's bank and other borrowings and the amounts due to related companies (collectively, the "Total debt") less cash and bank balances) and shareholders' funds of the Group at the end of the reporting period.

During the year ended 31 December 2022, the Group's strategy, which was unchanged from that for the corresponding year ended 31 December 2021, was to secure long-term funding sources at attractive borrowing costs so as to finance the development of the Group's land bank in Hong Kong and mainland China in the coming years. The Group continued to maintain a low gearing ratio during the year, which has the effect of minimising any unfavourable impact on the Group arising from any unforeseeable adverse changes in the local and/or international financial markets, capital markets and economic conditions.

The Group's gearing ratios at 31 December 2022 and 31 December 2021 were as follows:

	2022 **HK$ million**	2021 HK$ million
Bank and other borrowings (including guaranteed notes) repayable:		
– Within 1 year	**30,653**	31,784
– After 1 year but within 2 years	**23,568**	21,240
– After 2 years but within 5 years	**19,998**	20,736
– After 5 years	**13,308**	25,979
Amounts due to related companies	**2,854**	3,176
Total debt	**90,381**	102,915
Less: Cash and bank balances	**(11,295)**	(10,947)
Net debt	**79,086**	91,968
Shareholders' funds	**327,948**	335,020
Gearing ratio (%)	**24.1%**	27.5%

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements during the year and at 31 December 2022 and 31 December 2021.

39 Acquisition and transfer of subsidiaries

(a) Acquisition of subsidiaries

Save as disclosed in note 5, the Group did not acquire any subsidiaries during the years ended 31 December 2022 and 31 December 2021.

(b) Transfer of a subsidiary

The Group transferred 50% equity interest in a wholly-owned subsidiary, which is engaged in the development of a site owned by the Urban Renewal Authority ("URA") at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong, to two independent third parties during the year ended 31 December 2022. Upon completion of the transfer during the year ended 31 December 2022, the wholly-owned subsidiary became a joint venture of the Group and in which the Group has a 50% equity interest. The transfer has the following effect on the Group's assets and liabilities:

	2022 HK$ million
Investment properties under development (note 16(a))	**1,588**
Inventories	**6,664**
Interest in a joint venture	**(4,126)**
Net gain or loss on transfer	**–**
Total consideration	**4,126**
Net cash inflow in respect of the transfer:	
Total consideration	**4,126**

40 Capital commitments

At 31 December 2022, the Group had capital commitments not provided for in these financial statements as follows:

		2022 HK$ million	2021 HK$ million
(a)	Contracted for acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**5,468**	11,237
	Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**12,474**	16,896
		17,942	28,133
(b)	**In relation to the capital commitments undertaken by joint ventures and certain associates attributable to the Group:**		
	Contracted for acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**4,273**	3,585
	Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**7,018**	9,380
		11,291	12,965

41 Significant leasing arrangements

(a) Lessor

The Group leases out a number of land/building facilities. The leases typically run for an initial period of one to three years, with an option to renew the lease after that date at which time all terms are re-negotiated. Further details of the carrying value of the properties are contained in note 16.

The total future minimum lease payments under non-cancellable leases are receivable as follows:

	2022 HK$ million	2021 HK$ million
Within 1 year	**4,772**	5,124
After 1 year but within 2 years	**3,109**	3,206
After 2 years but within 3 years	**1,671**	1,568
After 3 years but within 4 years	**796**	684
After 4 years but within 5 years	**589**	438
After 5 years	**485**	800
	11,422	11,820

(b) Lessee

The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are re-negotiated.

42 Contingent liabilities

At 31 December 2022, contingent liabilities of the Group were as follows:

(a) an amount of HK$11 million (2021: HK$11 million) relating to the Group's undertaking to indemnify Sunlight REIT for any tax liabilities relating to events occurred on or before the completion of the sale of certain subsidiaries and shareholders' loans to Sunlight REIT (the "Completion") in December 2006, clawback of commercial building allowances and capital allowances granted up to the Completion and re-classification of the properties before or upon the Completion, pursuant to Deeds of Tax Covenant entered into between the Group and Sunlight REIT;

(b) an aggregate attributable amount of HK$2,277 million (2021: HK$1,164 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's projects held by subsidiaries and joint ventures, the increase of which is mainly attributable to the Group's guarantees to certain banks in relation to the finance undertakings by such banks in favour of the HKSAR Government for the completion of the Group's residential development projects at Kai Tak Development Area and Fanling North, both in Hong Kong under the terms and conditions of the relevant land grants;

(c) an amount of HK$1,604 million (2021: HK$1,558 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 31 December 2022 (and such guarantees will be released upon the issuance of the Building Ownership Certificate);

(d) an amount of HK$430 million (2021: HK$430 million) relating to the Group's attributable and proportional share (in accordance with the Group's attributable interest in a joint venture engaged in the development of commercial properties in Citygate, Tung Chung, Lantau Island, Hong Kong and in which the Group has a 20% interest) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to the lending bank in relation to the amount drawn down on a loan facility which was entered into on 26 April 2021 between such lending bank and the joint venture;

(e) an irrevocable and unconditional guarantee issued by the Company in favour of URA in relation to the obligations of a wholly-owned subsidiary of the Company ("First Developer") under the Development Agreement dated 21 November 2018 between URA and the First Developer which includes the construction and delivery by the First Developer, on or before certain prescribed dates, of certain properties whose ownership shall be retained by URA absolutely for such purposes and usages to be decided by URA at its sole discretion in relation to a land parcel registered in the Land Registry as New Kowloon Inland Lot No. 6585 (which has been developed by the Group to become the residential property project "The Harmonie", and the occupation permit of which was issued on 3 November 2022);

(f) amounts of HK$1,670 million (2021: HK$1,670 million), HK$2,100 million (2021: HK$2,100 million), HK$1,314 million (2021: HK$1,314 million) and HK$2,940 million (2021: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees given by the Group to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities entered into on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures;

42 Contingent liabilities (continued)

At 31 December 2022, contingent liabilities of the Group were as follows: (continued)

(g) an irrevocable and unconditional guarantee issued by the Company in favour of URA to undertake and guarantee the fulfilment of all the obligations of another wholly-owned subsidiary of the Company ("Second Developer") under the Development Agreement dated 12 October 2021 between URA and the Second Developer which relates to the development of a site owned by URA at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong. The said guarantee has been replaced by a new guarantee dated 24 February 2022 ("New Guarantee") which was executed by the Company, Empire Development Hong Kong (BVI) Limited ("Empire") and Hysan Development Company Limited ("Hysan") as guarantors in favour of URA in relation to the change in the shareholding structure of the Second Developer which was completed on 24 February 2022, as a result of which the Group, Empire and Hysan are beneficially interested in 50%, 25% and 25% respectively in the resultant issued share capital of the Second Developer. Under the New Guarantee, the Group's contingent liabilities shall be reduced to such amount representing the Group's 50% attributable interest in the Second Developer as a joint venture;

(h) a surety bond in the amount of HK$3 million which had been executed on 1 October 2022 by Megastrength Security Services Company Limited, a wholly-owned subsidiary of the Company, in favour of Link Property Management Services Limited ("LPMSL") in relation to the provision of property management support services to certain shopping centres, carparks and cooked-food stalls for LPMSL under a contract of three years from 1 October 2022 to 30 September 2025 (both dates inclusive). The surety bond shall be released 60 days after the expiry of the contractual term; and

(i) as a consequence of a loan facility of up to HK$3,276 million entered into between a lending bank and the Second Developer (as defined above) on 25 July 2022, the Group is exposed to contingent liabilities of up to HK$1,638 million (2021: Nil) in respect of an irrevocable, unconditional and several guarantee given by the Group to the said lending bank in relation to the repayment obligations for up to 50% of the maximum amount which may be drawn down by the Second Developer on such loan facility, and which is attributable and proportional to the Group's 50% equity interest in the Second Developer as a joint venture.

43 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the year:

(a) Transactions with fellow subsidiaries

Details of material related party transactions during the year between the Group and its fellow subsidiaries are as follows:

	2022 HK$ million	2021 HK$ million
Rental income *(note (iii))*	**6**	3
Other interest expense and borrowing costs *(note (i))*	**1,119#**	129#
Sales commission income *(note (iii))*	**–**	11
Administration fee income *(note (ii))*	**11**	11

(b) Transactions with associates and joint ventures

Details of material related party transactions during the year between the Group and its associates and joint ventures are as follows:

	2022 HK$ million	2021 HK$ million
Construction income *(note (iii))*	**642**	680
Rental income *(note (iii))*	**11**	17
Cash rental paid *(note (iii))*	**228**	237
Management fee income *(note (iii))*	**121**	8
Security guard service fee income *(note (iii))*	**27**	30
Other interest income *(note (i))*	**467**	635
Other interest expenses *(note (i))*	**158**	179
Rental commission income *(note (iii))*	**8**	7
Telecommunication network installation expenses *(note (iii))*	**10**	18

43 Material related party transactions (continued)

(c) Transactions with related companies

(i) Details of material related party transactions during the year between the Group and its related companies which are controlled by private family trusts of a director of the Company are as follows:

	2022 HK$ million	2021 HK$ million
Rental income *(note (iii))*	**73#**	68#
Sales commission income *(note (iii))*	**–**	1

(ii) During the year ended 31 December 2022, the Group's interest expenses (note (i)) payable to related companies controlled by relatives of certain directors of the Company amounted in aggregate to HK$111 million (2021: HK$105 million).

Notes:

(i) Interest income and expense were calculated on the balance of loans outstanding from time to time by reference to Hong Kong Interbank Offered Rate, Hong Kong dollar prime rate, Renminbi benchmark loan rates announced by the People's Bank of China or interest rates stipulated in the loan agreements (as appropriate).

(ii) This transaction represented cost reimbursements or cost reimbursements plus certain percentage thereon as service fees.

(iii) In the opinion of the Directors, these transactions were carried out on normal commercial terms and in the ordinary course of business.

(iv) The amount due to a fellow subsidiary and the amounts due to related companies at 31 December 2022 and 31 December 2021 are referred to in the Group's consolidated statements of financial position at 31 December 2022 and 31 December 2021, and the terms of which are set out in notes 34 and 35 respectively. The amounts due from/to associates and joint ventures at 31 December 2022 and 31 December 2021 are set out in notes 21, 22, 27 and 30.

(d) Transactions with Sunlight REIT

Details of the material related party transactions during the year between the Group and Sunlight REIT (which is deemed as a connected person of the Company under the Listing Rules as from 30 April 2009) are as follows:

	2022 HK$ million	2021 HK$ million
Property and leasing management service fee income and other ancillary property service fee income	**44#**	48#
Asset management service fee income	**90#**	92#
Cash rental paid	**11**	11
Security service fee income	**1#**	2#

43 Material related party transactions (continued))

(d) Transactions with Sunlight REIT (continued)

The above transactions were conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT. At 31 December 2022, the net amount due from Sunlight REIT was HK$30 million (2021: HK$31 million) and was unsecured, interest-free and has no fixed terms of repayment. The amount is included in “Trade and other receivables” under current assets (note 27).

(e) Transactions with a director of the Company and a company owned by him

(i) Dr Lee Ka Kit, a director of the Company, made an advance (“advance”) in the outstanding balance of HK$44 million at 31 December 2022 (2021: HK$44 million) to Henderson (China) Investment Company Limited (“HCI”), an indirect wholly-owned subsidiary of the Company, for the purpose of funding HCI’s business operation in mainland China. The advance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Dr Lee Ka Kit, through a company owned by him (the “entity”), has separate interest in an associate of the Group and through which the Group holds its interest in a development project in mainland China. The entity agreed to provide and had provided finance in the form of interest-free advances to such associate in accordance with the percentage of its equity interest in such associate. At 31 December 2022, the outstanding balance of the advance by the entity to the abovementioned associate amounted to HK$80 million (2021: HK$80 million). Such amount is unsecured and has no fixed terms of repayment.

(f) Key management personnel

Remuneration for key management personnel are disclosed in note 9.

These related party transactions (and, included in the rental income of HK$73 million (2021: HK$68 million) from related companies during the year ended 31 December 2022 as referred to in note (c) above, an amount of HK$41 million (2021: HK$41 million)) also constitute connected transactions and/or continuing connected transactions under the Listing Rules, details of which are set out in the paragraph headed “Interests in Transactions, Arrangements or Contracts and Connected Transactions/Continuing Connected Transactions” in the Report of the directors set out in the Company’s annual reports for the years ended 31 December 2022 and 31 December 2021.

44 Statement of financial position and changes in equity of the Company

(a) Statement of financial position

	Note	At 31 December 2022 HK$ million	At 31 December 2021 HK$ million
Non-current assets			
Investment properties		**14**	14
Interest in subsidiaries	20	**133,001**	134,160
Interest in associates		**166**	102
Interest in joint ventures		**1,677**	764
		134,858	135,040
Current assets			
Trade and other receivables		**75**	75
Cash and bank balances		**2**	3
		77	78
Current liability			
Trade and other payables		**30**	26
		30	26
Net current assets		**47**	52
Total assets less current liability		**134,905**	135,092
Non-current liabilities			
Amounts due to subsidiaries		**22,273**	21,272
Amounts due to joint ventures		**54**	27
		22,327	21,299
NET ASSETS		**112,578**	113,793
CAPITAL AND RESERVE	44(b)		
Share capital	44(c)	**52,345**	52,345
Retained profits		**60,233**	61,448
TOTAL EQUITY		**112,578**	113,793

Approved and authorised for issue by the Board of Directors on 21 March 2023.

Dr Lee Ka Kit
Dr Lee Ka Shing
Directors

44 Statement of financial position and changes in equity of the Company (continued)

(b) Movements in equity

	Note	Share capital HK$ million	Retained profits HK$ million	Total HK$ million
Balance at 1 January 2021		52,345	68,154	120,499
Changes in equity for 2021:				
Profit and total comprehensive income for the year		–	2,009	2,009
Dividend approved in respect of the previous financial year	12(b)	–	(6,294)	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	(2,421)	(2,421)
Balances at 31 December 2021 and 1 January 2022		**52,345**	**61,448**	**113,793**
Changes in equity for 2022:				
Profit and total comprehensive income for the year		**–**	**7,500**	**7,500**
Dividend approved in respect of the previous financial year	12(b)	**–**	**(6,294)**	**(6,294)**
Dividend declared and paid in respect of the current year	12(a)	**–**	**(2,421)**	**(2,421)**
Balance at 31 December 2022		**52,345**	**60,233**	**112,578**

44 Statement of financial position and changes in equity of the Company (continued)

(c) Share capital

	The Group and the Company			
	Number of shares		Amount	
	2022 million	2021 million	**2022 HK$ million**	2021 HK$ million
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**4,841**	4,841	**52,345**	52,345

In accordance with section 135 of the Hong Kong Companies Ordinance, the shares of the Company do not have a par value.

There is no change to the Company's share capital as the Company's shares no longer have a par or nominal value in accordance with section 135 of the Hong Kong Companies Ordinance.

(d) Distributability of reserves

At 31 December 2022, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was HK$60,233 million (2021: HK$61,448 million). As stated in note 12(a), after the end of the reporting period, the Directors proposed a final dividend of HK$1.30 (2021: HK$1.30) per ordinary share, amounting to HK$6,294 million (2021: HK$6,294 million). This dividend has not been recognised as a liability at the end of the reporting period.

45 Non-adjusting event after the reporting period

After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 12.

46 Immediate parent and ultimate controlling party

At 31 December 2022, the Directors considered that the immediate parent and ultimate controlling party of the Group to be Henderson Development Limited, which is incorporated in Hong Kong. Henderson Development Limited does not produce financial statements available for public use.

Principal Subsidiaries

at 31 December 2022

Details of the principal subsidiaries are as follows:

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(a) Property development				
(i) Incorporated and operates in Hong Kong				
Asia Cheer International Limited		1	–	100
Avion Investment Limited	*(i)*	3,000,000	100	–
Borten Limited	*(i)*	1	–	100
Capital Matrix Limited		1	–	100
Carley Limited		2	–	100
City Castle Limited		1	–	100
Denco Properties Limited	*(i)*	1	–	100
Dynamic Hero Limited	*(i)*	1	–	100
Dynamic Talent Limited		1	–	100
Fairtex Development Limited		1	–	100
Gainbo Limited	*(i)*	2	–	100
Gentway Limited	*(i)*	1	–	100
Global Crystal Limited	*(i)*	1	–	100
Golden Sharp Limited		1	–	100
Harven Limited		10,000	–	100
Harvest Development Limited		840	–	82.86
Hongkong Island Construction Properties Co., Limited	*(i)*	500,000	–	100
Hung Shun Investment Company Limited	*(i)*	3,940,200	–	100
Joinbo Enterprises Limited	*(i)*	1	–	100
Landrich Development Limited	*(i)*	1,000	–	100
Onfine Development Limited	*(i)*	2	–	100
Perfect Success Development Limited		2	–	100
Rich Silver Development Limited		2	–	100
Rise Cheer Investment Limited	*(i)*	1	–	100
Sky Rainbow Development Limited		10,000	–	100
Sunny Perfect Limited		1,000	–	100
Super Fortune Investment Limited	*(i)*	1	–	100
Supreme Hero Limited	*(i)*	1	–	100
Sure Partner Limited		1	–	100
Treasure Palace Limited		1	–	100
Triple Glory Limited	*(i)*	1	–	100
Union Citizen Limited	*(i)*	1	–	100
Victory Well Development Limited		2	–	100
Winjoy Development Limited	*(i)*	2	100	–

	Issued/ contributed registered capital	% of equity interest held by The Company	% of equity interest held by Subsidiaries	% of profit sharing by subsidiaries
(a) Property development (continued)				
(ii) Established and operates in mainland China				
Limited Liability Company				
北京恒榆房地產開發有限公司	RMB1,148,690,000	–	100	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	% of shares held by Subsidiaries
(b) Property investment				
(i) Incorporated and operates in Hong Kong				
Bloomark Investment Limited	*(i)*	10,000	–	100
Carry Express Investment Limited	*(i)*	100,000	–	100
Century Base Development Limited	*(i)*	1	–	100
Deland Investment Limited	*(i)*	200	–	100
Easewin Development Limited	*(i)*	100,000	–	100
Evercot Enterprise Company, Limited	*(i)*			
– A Shares		14,990,000	100	–
– B Shares		200	–	–
Great Top Development Limited		1	–	100
Join Fortune Development Limited	*(i)*			
– A Shares		100	100	–
– B Shares		2	–	–
Luxmark Investment Limited		1,000	–	100
Millap Limited	*(i)*	2	100	–
Pacific Gate Development Limited	*(i)*	1	–	100
Shahdan Limited	*(i)*	200,000	–	100
Shung King Development Company Limited	*(i)*			
– Ordinary A Shares		2	100	–
– Non-voting Deferred A Shares		2,000,000	100	–
– B Shares		2	–	–
Smart Bright Development Limited	*(i)*	100,100	–	100
Union Fortune Development Limited	*(i)*	10,000	–	100
Vansittart Investment Limited	*(i)*	2	–	100

		Issued/ contributed registered capital HK$ (unless otherwise stated)	% of equity interest held by The Company	% of equity interest held by Subsidiaries	% of profit sharing by subsidiaries
(b)	Property investment (continued)				
(ii)	**Established and operates in mainland China**				
	Sino-Foreign Co-operative Joint Venture Enterprises				
	Guangzhou Guang An Property Development Limited	US$68,706,000	–	100	100
	Guangzhou Guang Hung Property Development Limited	US$73,836,000	–	100	100
	Guangzhou Guang Nam Property Development Limited	US$87,458,000	–	100	100
	Wholly Foreign-Owned Enterprises				
	Beijing Gaoyi Property Development Co., Limited	US$706,000	–	100	100
	Guangzhou Jiejun Real Estate Development Co., Limited	207,796,800	–	100	100
	上海益基房地產開發有限公司	US$630,000,000	–	100	100
	Shanghai Bin Heng Property Development Co., Limited	US$350,000,000	–	100	100
	Shanghai Heng Cheng Real Estate Development Co., Ltd.	US$59,500,000	–	100	100
	Shanghai Hengzhi Properties Development Co., Ltd.	US$75,000,000	–	100	100

		Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	% of shares held by Subsidiaries
(c)	Finance				
(i)	**Incorporated and operates in Hong Kong**				
	Ever Supreme Development Limited		1	–	100
	Henderson (China) Finance Limited	*(i)*	10,000	–	100
	Henland Finance Limited	*(i)*	1,000,000	–	100
	Rich Chase Development Limited	*(i)*	2	–	100
	Smart Time International Limited		1	–	100
	Success Crown Development Limited		2	–	100
(ii)	**Incorporated and operates in the British Virgin Islands**				
	Henderson Land Finance Limited		US$1	100	–
	Henderson Land MTN Limited	*(i)*	US$1	–	100
	St. Helena Holdings Co. Limited		US$3	–	100

	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(d) Construction			
Incorporated and operates in Hong Kong			
E Man Construction Company Limited	35,000,000	100	–
Ginca Construction Machinery Limited	1	–	100
Granbo Construction Company Limited	1	–	100
Heng Lai Construction Company Limited	2	–	100
Heng Shung Construction Company Limited	2	–	100
Heng Tat Construction Company Limited	200	–	100
Hong Kong Concrete Precasting Product Company Limited	2	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(e) Property management				
Incorporated and operates in Hong Kong				
Beverly Hill (Estate Management) Limited		2	–	100
Flora Plaza Management Limited		10	–	60
Goodwill Management Limited		2	–	100
H-Privilege Limited		1	–	100
Hang On Estate Management Limited		2	–	100
Hang Yick Properties Management Limited		10,000,000	100	–
Henderson Sunlight Asset Management Limited	*(i)*	38,800,000	–	100
Henderson Sunlight Property Management Limited	*(i)*	1	–	100
Metro City Management Limited		2	–	100
Metro Harbourview Management Limited		2	–	100
Nathan Hill Management Company Limited		1	–	100
Star Management Limited		2	–	100
Sunshine City Property Management Limited		2	–	100
Well Born Real Estate Management Limited		2	100	–

Principal Subsidiaries

at 31 December 2022

		Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	% of shares held by Subsidiaries
(f)	**Investment holding**				
(i)	**Incorporated and operates in Hong Kong**				
	Banshing Investment Limited		2	–	100
	Channel Best Limited	*(i)*	1	–	100
	Citiright Development Limited		2	100	–
	Covite Investment Limited		2	–	100
	Darnman Investment Limited		2	–	100
	Disralei Investment Limited		2	–	100
	Fondoll Investment Limited		200	100	–
	Gainwise Investment Limited		2	–	100
	Graf Investment Limited	*(i)*	2	–	100
	Henderson (China) Investment Company Limited	*(i)*			
	– Ordinary Shares		2	–	100
	– Non-voting Deferred Shares		2	–	100
	Henderson China Properties Limited	*(i)*	3,000,000,000	–	100
	Henderson Investment Limited		612,926,901	–	69.27
	Macrostar Investment Limited		2	–	100
	Main Champion Development Limited	*(i)*	2	100	–
	Markshing Investment Limited		2	–	100
	Medley Investment Limited		2	–	100
	Mightymark Investment Limited		2	100	–
	Miramar Hotel and Investment Company, Limited	*(i)*	2,227,023,217	–	50.075
	Mount Sherpa Limited	*(i)*	2	–	100
	Paillard Investment Limited	*(i)*	2	–	100
	Wellfine Development Limited		55	100	–
	Wiselin Investment Limited	*(i)*	2	–	100
(ii)	**Incorporated in Hong Kong and operates in mainland China**				
	Hang Seng Quarry Company Limited	*(i)*	10,000	64	–
(iii)	**Incorporated and operates in the British Virgin Islands**				
	Cobase Limited		US$1	–	100
	Higgins Holdings Limited	*(i)*	US$1	–	100
	Midlink Limited	*(i)*	US$1	–	100
	Multiglade Holdings Limited	*(i)*	US$1	–	100
	Richful Resources Limited		US$1	–	100
	Starland International Limited		US$1	100	–
	Sunnice Investment Limited		US$1	–	100
	Threadwell Limited	*(i)*	US$1	–	100

	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(g) Department stores and supermarket-cum-stores operation and management			
Incorporated and operates in Hong Kong			
Citistore (Hong Kong) Limited	1	–	100
Unicorn Stores (HK) Limited	35,000,000	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(h) Hotel operation and management				
Incorporated and operates in Hong Kong				
Contender Limited	*(i)*	200,000	–	100
Intelligent House Limited	*(i)*	10,000	–	100
Miramar Hotel Management Company Limited	*(i)*	10,000	–	100
Mira Moon Limited	*(i)*	1	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(i) Food and beverage operation				
Incorporated and operates in Hong Kong				
Tsui Hang Village Restaurant Limited	*(i)*	500,000	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(j) Travel operation				
Incorporated and operates in Hong Kong				
Miramar Travel Limited	*(i)*	13,000,000	–	53.85
YMT Travel Limited	*(i)*	3,500,000	–	100

Principal Subsidiaries

at 31 December 2022

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(k) Management and agency services				
Incorporated and operates in Hong Kong				
Henderson Car Park Management Limited	*(i)*	2	–	100
Henderson Leasing Agency Limited	*(i)*	1	–	100
Henderson Property Agency Limited		200,000	–	100
Henderson Real Estate Agency Limited	*(i)*	200	100	–

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(l) Professional services and others				
Incorporated and operates in Hong Kong				
Hang Oi Charitable Foundation Limited		–	–	100
Henderson Corporate Services Limited		1	–	100
Henderson Warmth Foundation Limited		–	100	–
Megastrength Security Services Company Limited	*(i)*			
– Ordinary Shares		10,000	–	100
– Non-cumulative Preference Shares		400	–	100

Note:

(i) Companies audited by KPMG.

The above list gives the principal subsidiaries of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Principal Associates

at 31 December 2022

Details of the principal associates, which are incorporated and operate in Hong Kong unless otherwise stated, are as follows:

	% of equity interest held by		
	The Company	**Subsidiaries**	**Principal activities**
Listed			
Hong Kong Ferry (Holdings) Company Limited	–	33.41	Property development, property investment, ferry, shipyard and related businesses, and securities investment
The Hong Kong and China Gas Company Limited	–	41.53	Production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses
Unlisted			
Star Play Development Limited	–	33.33	Property investment
Start Treasure Limited	–	22.80	Property development

The above list gives the principal associates of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Principal Joint Ventures

at 31 December 2022

Details of the principal joint ventures, which are incorporated and operate in Hong Kong unless otherwise stated, are as follows:

	% of equity interest held by		
	The Company	Subsidiaries	Principal activities
Billion Ventures Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	50	Investment holding
Central Waterfront Property Investment Holdings Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	34.21	Investment holding
Double Cove Management Limited	–	50	Provision of property management services
Honster Investment Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	50	Investment holding
Infinite Sun Limited	–	30	Property development
Long Global Investment (Chengdu) Limited (established and operates in mainland China)	–	30	Property development
Marble Edge Investments Limited	–	18	Property development
Nation Star Development Limited	–	50	Property development
Newfoundworld Holdings Limited	–	20	Property investment and hotel operation
Special Concept Development Limited	–	25	Property development
Surbana-Henderson (Xian) Property Development Co., Ltd. (established and operates in mainland China)	–	50	Property development
Surbana-Henderson II (Xian) Property Development Co., Ltd. (established and operates in mainland China)	–	50	Property development
Teamfield Property Limited	–	49.18	Property development
The Reach Management Limited	–	50	Provision of property management services
Ultra Keen Holdings Limited	–	30	Property development
Voyage Mile Limited	–	29.30	Property development
上海富洲濱江開發建設投資有限公司 (established and operates in mainland China)	–	51	Property development
廣州奧昇置業有限公司 (established and operates in mainland China)	–	50	Property development
北京恒合天基房地產開發有限公司 (established and operates in mainland China)	–	50	Property development

The above list gives the principal joint ventures of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Corporate Information

Board of Directors

Executive Directors

Dr Lee Ka Kit
(Chairman and Managing Director)
Dr Lee Ka Shing
(Chairman and Managing Director)
Dr Lam Ko Yin, Colin *(Vice Chairman)*
Dr Lee Shau Kee
Yip Ying Chee, John
Fung Lee Woon King
Kwok Ping Ho
Suen Kwok Lam
Wong Ho Ming, Augustine
Fung Hau Chung, Andrew

Non-executive Director

Lee Pui Ling, Angelina

Independent Non-executive Directors

Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong
Woo Ka Biu, Jackson
Professor Poon Chung Kwong
Au Siu Kee, Alexander

Audit Committee

Kwong Che Keung, Gordon*
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Remuneration Committee

Wu King Cheong*
Dr Lee Ka Kit
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Au Siu Kee, Alexander

Nomination Committee

Wu King Cheong*
Dr Lee Ka Kit
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Au Siu Kee, Alexander

Corporate Governance Committee

Kwong Che Keung, Gordon*
Professor Poon Chung Kwong
Au Siu Kee, Alexander

Whistleblowing Committee

Dr Lam Ko Yin, Colin*
Professor Ko Ping Keung
Wu King Cheong

Company Secretary

Liu Cheung Yuen, Timon

Registered Office

72-76/F., Two International Finance Centre
8 Finance Street, Central
Hong Kong
Telephone : (852) 2908 8888
Facsimile : (852) 2908 8838
Website : www.hld.com
E-Mail : henderson@hld.com

Share Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited (Stock Code: 12)

Shares are also traded in the United States through an
American Depositary Receipt Level 1 Programme
(Ticker Symbol: HLDCY
CUSIP Reference Number: 425166303)

Authorised Representatives

Dr Lam Ko Yin, Colin
Liu Cheung Yuen, Timon

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

Solicitors

Woo Kwan Lee & Lo
Lo & Lo

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Mizuho Bank, Ltd.
DBS Bank Ltd., Hong Kong Branch

** Committee Chairman*

Group Executives

Dr Lee Ka Kit
GBS, JP, DBA (Hon)
General Manager

Dr Lee Ka Shing
GBS, JP, DSSc (Hon)
General Manager

Dr Lam Ko Yin, Colin
SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon)
Deputy General Manager

Yip Ying Chee, John
LLB, FCG, FCA
Assistant General Manager

Departmental Executives

Group Business Development Department

Yip Ying Chee, John
LLB, FCG, FCA
Executive Director

Project Management (1) Department

Yu Wai Wai
JP, BA (AS), B Arch, FHKIA, HonFHKIPM,
Authorized Person (Architect), Registered Architect (HK)
General Manager

Project Management (2) Department

Kwok Man Cheung, Victor
BA (AS), B Arch (Dist), MSc (Con P Mgt),
EMBA, FHKIA, MAPM, RIBA,
Authorized Person (Architect), Registered Architect (HK)
General Manager

Siu Sing Yeung, Tony
B. Arch (Hons), HKIA,
Authorized Person (Architect), Registered Architect (HK),
PRC Class 1 Registered Architect Qualification
Senior Deputy General Manager

Property Development Department

Wong Ho Ming, Augustine
JP, MSc, MEcon, FHKIS, MRICS, MCIArb, RPS (GP)
Executive Director

Yu Hon Kwan, Randy
BSc(Hon), MRICS, MH, JP
General Manager

Leung Shu Ki, Shuki
BA (Hons), MHKIP, MRTPI,
MCIP, RPP (HK), MCILT
Senior Deputy General Manager

Property Planning Department

Leung Kam Leung
MSc, PGDMS, FHKIS, RPS (GP)
General Manager

Construction Department

Wong Wing Hoo, Billy
BBS, JP, BSc, FICE, FHKIE, FIHT, FHKIHT, RPE
General Manager

Yiu Chi Kin, Simon
BSc (Bldg), MSc, MCIOB, MRICS, MASI, MHKICM, MHKIE
Deputy General Manager

Engineering Department

Chan Chu Fai, Edmond
MBA, MSc(Eng), BSc(Eng),
FHKIE, CEng, MIStructE, MICE,
RPE (Civil, Structural), RSE, RI(E)
General Manager

Sales Department

Dr Wong Man Wa, Raymond
DFinTech, MSc(Real Estate), LLB, PCLL, Solicitor
Senior General Manager

Sales (1) Department

Lam Tat Man, Thomas
MEM(UTS), DMS, EHKIM, MHIREA
General Manager

Sales (2) Department

Hahn Ka Fai, Mark
BSc, MRICS, MHKIS, RPS (GP)
General Manager

Portfolio Leasing Department
Lee Pui Man, Margaret
BHum (Hons)
Senior General Manager

Kong Po Yan
BA
General Manager

Li Keng Yan, Kristine
BA, MSc(Real Estate)
Senior Deputy General Manager

Property Management Department
Suen Kwok Lam
BBS, JP, MH, FHIREA
Executive Director

Retail and Hotel Management Department
Li Ning
BSc, MBA
General Manager

Comm. & Ind. Properties Department
Dr Wong Kim Wing, Ball
BA (AS), B. Arch, PhD (Finance), FHKIA,
Registered Architect (HK), Authorized Person (List 1, HK)
General Manager

General Manager Department
Ngai Tung Hai, Karsky
FRICS, MHKIS, AACI
Manager

Dr Wong Kim Wing, Ball
BA (AS), B. Arch, PhD (Finance), FHKIA,
Registered Architect (HK), Authorized Person (List 1, HK)
Group Consultant

Yu Ching Yan, Johnny
BSc, MBA, ACA, CFA
Advisor to Chairman

Finance Department
Fung Hau Chung, Andrew
BBS, JP, BA
Executive Director/Chief Financial Officer

Lau Yum Chuen, Eddie
Consultant

Kwok Ping Ho
BSc, MSc, Post-Graduate Diploma in Surveying, FRICS, ACIB
Executive Director

Cashier Department
Fung Lee Woon King
Chief Treasurer

Human Resources Department
Dr Lam Ko Yin, Colin
SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon)
Executive Director

Wong Ying Kin, Frankie
MSc, MBA, BBA, DMS, MIHRM
General Manager

Company Secretarial Department
Liu Cheung Yuen, Timon
BEc, FCPA, CA (Aust), FCG, HKFCG
General Manager

Accounts Department
Wong Wing Kee, Christopher
BSc (Econ), FCA
General Manager

Audit Department
Choi Kam Fai, Thomas
B Comm, CPA(Canada), CMA
General Manager

Information Technology Department
Kum Tak Cheung, Bassanio
General Manager

Corporate Communications Department
Ngan Suet Fong, Bonnie
BBA
General Manager

Financial Calendar

Interim Results	Announced on Tuesday, 23 August 2022
Final Results	Announced on Tuesday, 21 March 2023
Annual Report	Posted to Shareholders on Monday, 24 April 2023
Closure of Register of Members	(1) To be closed from Wednesday, 31 May 2023 to Monday, 5 June 2023 for the purpose of determining Shareholders who are entitled to attend and vote at the Annual General Meeting
	(2) To be closed from Friday, 9 June 2023 to Tuesday, 13 June 2023 for the purpose of determining Shareholders who qualify for the proposed final dividend
Annual General Meeting	To be held on Monday, 5 June 2023
Dividends – Interim	HK$0.50 per share (with no scrip option) – paid on Tuesday, 20 September 2022
– Final (Proposed)	HK$1.30 per share (with no scrip option) – payable on Friday, 23 June 2023

FORWARD-LOOKING STATEMENTS

This annual report contains certain statements that are forward looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

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HENDERSON LAND DEVELOPMENT COMPANY LIMITED
恒 基 兆 業 地 產 有 限 公 司