



新鴻基地產發展有限公司
Sun Hung Kai Properties Limited

Customer Focus 以客為先
Premium Brand 品牌卓越
Solid Foundations 實力雄厚



INTERIM REPORT
2023/24
中期報告

Stock Codes : 16 (HKD counter) and 80016 (RMB counter)
股份代號 : 16 (港幣櫃台) 及 80016 (人民幣櫃台)



1. IFC in Central, Hong Kong
香港中環國際金融中心

2. ICC in West Kowloon, Hong Kong
香港西九龍環球貿易廣場

3. ITC in Xujiahui, Shanghai
上海市徐家匯ITC

4. Shanghai IFC in Lujiazui, Shanghai
上海市陸家嘴上海國金中心

5. High Speed Rail West Kowloon Terminus Development,
Hong Kong
香港高鐵西九龍總站發展項目

6. TOWNPLACE WEST KOWLOON, West Kowloon, Hong Kong
香港西九龍TOWNPLACE WEST KOWLOON

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Board of Directors and Committees

BOARD OF DIRECTORS

Executive Directors Kwok Ping-luen, Raymond (*Chairman & Managing Director*)
Wong Chik-wing, Mike (*Deputy Managing Director*)
Lui Ting, Victor (*Deputy Managing Director*)
Kwok Kai-fai, Adam
Kwok Kai-wang, Christopher
Tung Chi-ho, Eric
Fung Yuk-lun, Allen
Lau Tak-yeung, Albert
Fung Sau-yim, Maureen
Chan Hong-ki, Robert
Kwok Ho-lai, Edward (*Alternate Director to Kwok Ping-luen, Raymond*)

Non-Executive Directors Kwan Cheuk-yin, William
Kwok Kai-chun, Geoffrey

Independent Non-Executive Directors Yip Dicky Peter
Wong Yue-chim, Richard
Li Ka-cheung, Eric
Fung Kwok-lun, William
Leung Nai-pang, Norman
Leung Ko May-yee, Margaret
Fan Hung-ling, Henry

COMMITTEES

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

Audit and Risk Management Committee Li Ka-cheung, Eric*
Yip Dicky Peter
Leung Nai-pang, Norman
Wong Yue-chim, Richard

Remuneration Committee Wong Yue-chim, Richard*
Li Ka-cheung, Eric
Kwan Cheuk-yin, William
Leung Nai-pang, Norman

Nomination Committee Wong Yue-chim, Richard*
Kwan Cheuk-yin, William
Yip Dicky Peter
Leung Nai-pang, Norman

* *Committee Chairman*

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2023	2022	Change (%)
Financial Highlights (HK\$ million)			
Group Revenue	27,542	27,428	+0.4
Profit attributable to the Company's shareholders			
— Reported	9,145	8,410	+8.7
— Underlying ⁽¹⁾	8,906	9,465	-5.9
Gross rental income ⁽²⁾	12,454	11,927	+4.4
Net rental income ⁽²⁾	9,326	8,887	+4.9
Financial Information per Share (HK\$)			
Basic earnings per share for profit attributable to the Company's shareholders			
— Reported	3.16	2.90	+8.7
— Underlying ⁽¹⁾	3.07	3.27	-5.9
Interim dividend	0.95	1.25	-24.0

Notes:

(1) Underlying profit attributable to the Company's shareholders excluded the net effect of changes in the valuation of investment properties

(2) Including contributions from joint ventures and associates

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity
Auditors

Registered Office

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

Share Registrar

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

Solicitors

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

Principal Bankers

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

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

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

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

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2023, excluding the effect of fair-value changes on investment properties, amounted to HK\$8,906 million, compared to HK\$9,465 million for the corresponding period last year. Underlying earnings per share were HK\$3.07, compared to HK\$3.27 for the same period last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK\$9,145 million and HK\$3.16 respectively, compared to HK\$8,410 million and HK\$2.90 for the corresponding period last year. The reported profit for the period included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$432 million, compared to a decrease of HK\$967 million for the same period last year.

DIVIDEND

The directors have declared an interim dividend payment of HK\$0.95 per share for the six months ended 31 December 2023, a decrease of 24% from the corresponding period last year. The dividend will be payable on 20 March 2024.

BUSINESS REVIEW

Development Profit and Rental Income

Development Profit

For the period under review, the Group's profit generated from property sales reached HK\$2,040 million, as compared to HK\$3,366 million during the corresponding period last year. All Hong Kong projects for sale scheduled for completion in the current financial year are planned to be completed in the second half. Contracted sales during the period totalled an approximate HK\$12,900 million in attributable terms.

Rental Income

Driven by the increase in rental income of its portfolio on the mainland and retail portfolio in Hong Kong, the Group's gross rental income during the period, inclusive of contributions from joint ventures and associates, rose 4% year-on-year to HK\$12,454 million, while net rental income increased 5% year-on-year to HK\$9,326 million.

Property Business – Hong Kong

Land Bank

During the period, the Group added two residential sites to its land bank through lease modifications with a combined gross floor area of about one million square feet. The site at Tung Shing Lei, Yuen Long, will be built into a large-scale residential development comprising around 757,000 square feet of residential floor area and a small portion of retail space. The development is located about a 10-minute walk to the Group's flagship YOHO Mall adjoining MTR Yuen Long Station. Residents will be able to enjoy transport convenience and a one-stop retailtainment experience just a few steps away from home.

Chairman's Statement

The other addition is adjacent to the Group's PARK YOHO series in the eastern part of Yuen Long. Still at the planning stage, the project will provide quality residential premises of some 251,000 square feet in gross floor area. The neighbourhood of this new development has been transformed into a residential cluster with extensive greenery, following the Group's success in the development of PARK YOHO and Riva. In addition to its easy connectivity to urban areas in Hong Kong via Route 3 and to the mainland, the development will enjoy convenient access to the existing MTR Yuen Long and Kam Sheung Road Stations as well as the proposed Au Tau Station on the Northern Link.

As at 31 December 2023, the Group's attributable land bank in Hong Kong amounted to some 58.8 million square feet. About 36.6 million square feet of these were diversified completed properties, an overwhelming majority of which are for rental and long-term investment purposes, underpinning the Group's sizeable recurring income. An approximate 15.3 million square feet of the remainder were residential properties under development for sale, scheduled for completion in phases over the next six to seven years. Of these, some 2.1 million square feet have been pre-sold. The Group will continue to adhere to its prudent financial discipline in considering future land bank replenishment.

Property Development

Hong Kong's residential market continued to be affected by elevated interest rates and an uncertain economic outlook. Nevertheless, home rents picked up moderately over the past few months. During the period under review, the Group recorded contracted sales of about HK\$9,600 million in attributable terms in Hong Kong. Major contributors, consisting of YOHO WEST Phase 1 in Tin Shui Wai, NOVO LAND Phase 2A in Tuen Mun and University Hill in Tai Po, were well received by the market, reflecting solid demand for the Group's premium large-scale mass-market developments with good transportation networks. The remaining units from several completed projects such as Crown of St. Barths in Ma On Shan continued to receive positive market response and contribute to the Group's contracted sales.

Committed to the delivery of premium products and services, the Group has strived to enhance building quality, ensure efficient layouts and offer exceptional after-sales services. To meet customers' rising aspirations for wellness as well as smart and green living, the Group has integrated the elements of sustainability and technology into its new developments. In addition to enhancing greenery in its projects, the Group has introduced comprehensive smart home features, such as built-in 5G coverage, for its large-scale developments. Through the SHKP Club, the Group has continued to strengthen bonding and two-way communication with its customers through organizing workshops and guided tours. In addition, the Group has leveraged the latest technology to develop cost-effective measures. Such efforts, together with its reputable brand, have enabled the Group to maintain its leading market position amid a competitive operating environment. Without compromising on quality, the Group has also carried out its plans to control construction costs. The overall construction capex for projects in Hong Kong has already peaked out and is expected to come down meaningfully in the next few financial years.

Chairman's Statement

TOWNPLACE WEST KOWLOON, a brand-new serviced apartment in West Kowloon offering flexible accommodation options and hotel-like service with a gross floor area of about 374,000 square feet, was completed during the period. In the second half of the financial year, the Group's completions are expected to increase meaningfully to about 3.1 million square feet, of which some 2.5 million square feet are residential premises for sale. The remaining 567,000 square feet are non-residential properties which will be kept for rental purpose.

As at 31 December 2023, the Group's contracted sales yet to be recognized amounted to HK\$32,800 million, of which about HK\$22,400 million is expected to be recognized in the second half of this financial year. Most of the related sale proceeds will be received when respective units are delivered.

Property Investment

During the period under review, the Group's diversified portfolio of property investment continued to provide strong support to its sizeable recurring income. Gross rental income of the Group's property investment portfolio, inclusive of contributions from joint ventures and associates, rose 2% year-on-year to HK\$8,941 million, mainly driven by positive rental reversions from its retail portfolio. Overall occupancy also remained satisfactory.

The Group has continued to embrace innovation to improve its property investment portfolio. TOWNPLACE WEST KOWLOON, the Group's novel serviced-apartment project, represents a showcase. Soft opened in October 2023, this 843-room development with a diverse room mix and a smart system presents a hybrid short- and long-term leasing model. The project also provides hotel-class service on demand, catering to the flexible accommodation needs of young talents and professionals. Integrating the beauty of the waterfront into a living space, the project allows residents to enjoy the breathtaking view of Victoria Harbour while swimming at the sky-bound pool. The 53,000-square-foot clubhouse, spanning four levels of indoor and outdoor space, offers an array of premium amenities and areas with flexible layouts to allow a wide range of socializing activities in a stylish and cosy environment. Near to MTR Nam Cheong Station, a pier and a promenade, the project promises strong transport connectivity and a pleasing environment in the vicinity. Market response to the first batch of rooms is encouraging with many units leased to young professionals.

Along with the revival of inbound tourism, Hong Kong's retail market continued to recover. During the period under review, the Group's retail portfolio registered a moderate increase in rental income with a relatively stable occupancy of about 95%. Tenant sales of tourist-favoured malls such as IFC Mall in Central showed relatively strong increases while sales at regional malls remained largely stable.

In response to changes in the spending patterns of tourists and intense competition from neighbouring regions, the Group has adopted a proactive approach to attract customers. The tenant-and-trade mix of its malls are constantly refined to align with prevailing market trends, such as the introduction of experiential retail stores and facilities, to further enrich its diversified and unique offerings. In an effort to support the HKSAR Government's campaigns to boost local consumption, the Group has collaborated with its tenants and business units to initiate promotional offers and activities such as special night-parking arrangements, food- and wine-tasting attractions, mini-concerts, and more, to extend customers' stays to late night. Such initiatives have received encouraging responses.

Chairman's Statement

The Group has leveraged The Point, the integrated loyalty programme for its malls, to drive footfall and enhance shoppers' experience. Recently, the loyalty programme revamped its intuitive mobile app interface to further enhance user experience. Instant Point Earn, a new service, was recently introduced in its major malls, allowing members to earn points immediately after purchases with a simple QR code scanning. Members can then convert and use the points as cash in the malls. Tailored to meet the latest preferences of mainland shoppers, The Point also consolidated and strengthened its social media platforms to stimulate spending. In line with its free EV Super Charging by Points service launched in early 2023, the Group has been installing additional super-fast EV chargers in all of its major malls in Hong Kong. The initiative has allowed more The Point members to enjoy the service through point redemptions. Today, members can use the Contactless Parking service at nearly 100 designated Wilson Parking car parks.

Pet- and family-friendly facilities were introduced through refurbishing outdoor areas at a number of the Group's malls, including APM in Kwun Tong, YOHO Mall in Yuen Long and Landmark North in the North District. The rooftop area at New Town Plaza in Sha Tin was reconfigured as Dino Park, the first and largest dinosaur-themed outdoor playground in the city. Since its opening in October 2023, the 35,000-square-foot park has rapidly become a popular hotspot for families, boosting the mall's traffic and customer base.

While supply issues persistently weigh on office rents in Hong Kong, the Group's quality office portfolio, particularly its landmarks IFC and ICC, continued to benefit from the trend of flight-to-quality. This, together with its high green-building standards, professional management services, and the Group's strong relationships with tenants, has enabled the Group to maintain the occupancy of its office portfolio at a satisfactory level of about 92%.

IFC in core Central was almost fully let. Benefitting from its geographical advantages and extensive supporting amenities, IFC is a preferred office address for top-notch international financial institutions and mainland corporations in the city. With superb transport connectivity and high building specifications, ICC atop Airport Express Kowloon Station continued to register satisfactory occupancy. Despite keen competition in Kowloon East, the Millennium City office cluster maintained relatively stable occupancies during the period due to its superior building quality, attentive property management, and well-planned asset enhancement initiatives.

Many of the Group's offices and shopping malls are part of an integrated project, complementing each other and supported by a transport interchange and large-scale residential developments in the vicinity. The synergistic effect allows the Group's properties to stay competitive and resilient amid intense competition. In addition to its ongoing asset and service enhancement, the Group has emphasized developing close and long-term relationships with tenants and customers. Over the years, such efforts have enabled the Group to respond swiftly to market trends and build a broad customer base.

The Group's expanding portfolio will continue to support its substantial recurring income base. YOHO MIX, a retail space of about 107,000 square feet adjoining MTR Yuen Long Station, is scheduled to open in mid-2024 as an extension of the flagship YOHO Mall. Pre-leasing has been progressing well. YOHO MIX will enrich the offerings at YOHO Mall and enhance its status as the largest shopping-and-entertainment destination in northwest New Territories. Scheduled to open in 2024, the shopping mall of some 500,000 square feet beneath The Millennity in Kwun Tong will feature leisurely retail space and lush culinary delights, synergizing with the Group's APM mall and the Millennium City office cluster in the area.

Chairman's Statement

Over the medium term, the Group will have two commercial projects in West Kowloon in the pipeline, namely the High Speed Rail West Kowloon Terminus Development and the Artist Square Towers Project. The former is designed to achieve six major green and WELL building certifications, making it one of the most sustainable and ecologically friendly structures in the world. Scheduled for completion in 2026, the integrated project will be linked to the thriving West Kowloon Cultural District (WKCD) and the neighbouring areas through the 1.5-kilometre West Kowloon Parkway and an extensive footbridge network. With easy access to transport networks and abundant green areas, the premium office space of this development has drawn keen interest from multinational companies, including a global financial institution, UBS. The two new projects will unite with the Group's completed ICC and two luxury hotels to form a unique commercial cluster in Hong Kong upon their completion. Capitalizing on its proximity to the WKCD, unrivalled transport connectivity and business opportunities brought by the rising number of visitors using the high-speed rail, this commercial cluster will serve as a distinctive nexus point in the Greater Bay Area (GBA), offering a wide range of commercial, retail, and recreational options.

Property Business – Mainland

Land Bank

As at 31 December 2023, the Group held a total land bank of 67.2 million square feet on the mainland in attributable terms, of which 20.9 million square feet were completed properties. An overwhelming majority of the completed properties were large-scale mixed-use developments that are located in key business hubs of major cities and are held for rental and long-term investment purposes. The remaining 46.3 million square feet were properties under development, more than half of which will be developed into quality residential and office space for sale. The Group will focus on developing its existing projects to meet customers' evolving needs for quality properties.

Property Development

The Central Government has optimized real estate policies, implementing several rounds of stimulus measures which included the further loosening of mortgage conditions and the removal of home-purchase restrictions in many cities. During the period under review, the Group achieved attributable contracted sales of over RMB3,000 million on the mainland. Major contributors included the third phase of the residential portion of the joint-venture Hangzhou IFC in Hangzhou, which was virtually sold out, and new batches of the joint-venture Oriental Bund in Foshan.

During the period, the Group completed three projects on the mainland with a total attributable gross floor area of about 862,000 square feet. These included premium residential units from Phase 5B of The Woodland in Zhongshan and Four Seasons Hotel Suzhou. The urban resort hotel, the first Four Seasons Hotel in Jiangsu Province, opened at the end of 2023. Two other projects with an attributable gross floor area of about 1.3 million square feet are expected to be completed in the second half of this financial year. These will include joint-venture projects TODTOWN in Shanghai and Oriental Bund in Foshan.

Chairman's Statement

Property Investment

Driven by rental income growth of its retail portfolio and the end of rental concessions, the Group's gross rental income derived from its rental portfolio on the mainland, including contributions from joint-venture projects, increased 16% year-on-year to RMB2,896 million during the period under review.

Nanjing IFC represents the Group's third IFC complex, taking inspiration from its successful experience in the development of integrated IFC projects in Hong Kong and Shanghai. Situated in the heart of Hexi CBD, Nanjing IFC enjoys transport convenience with seamless connections to metro lines. Nanjing IFC Mall has a gross floor area of one million square feet. The most anticipated section of the mall, consisting of top-tier brands which made their debuts in Nanjing, soft opened in January 2024. In addition to diverse open space and delicately-carved interior design, shoppers are attracted by the mall's curated collection of retailer choices and striking storefront designs. The mall also features a 3D LED facade, delivering a captivating visual experience and bringing a new look to the city. Nanjing IFC also houses Andaz Nanjing Hexi, the newly opened boutique hotel, and two grade-A office towers. With a total gross floor area of about two million square feet, the office towers are highly commended for their quality finishes and quick access to an array of Michelin and Black Pearl restaurants and other popular dining outlets at the upper zone of Nanjing IFC Mall and the hotel.

Shanghai IFC, the Group's flagship integrated project in Little Lujiazui in Pudong, Shanghai, provides a sophisticated multi-use destination for professionals and shoppers. Shanghai IFC Mall features a wide array of internationally acclaimed retailers from across the globe. In addition to providing fine-dining establishments, the mall has become a magnet for trendy all-day dining restaurants, appealing to the younger generation. Shoppers not only revel in the mall's diverse range of retail offerings but also appreciate the exclusive customer experience provided by its loyalty programme. Sitting atop the podium mall, the project's twin grade-A office towers have gained a reputation for their advantageous location and outstanding green performance, establishing themselves as a prestigious business address for leading mainland and multinational financial institutions. Overall occupancies of the office towers continue to maintain at high levels. The presence of The Ritz Carlton Shanghai, Pudong and Shanghai IFC Residence has further enhanced the versatility of the Shanghai IFC complex, earning wide acclaim for offering a top-notch integrated experience under one roof.

Shanghai ICC is the Group's integrated development located in the traditional commercial district of Puxi. The trend-setting IAPM mall, the retail portion of the project, regularly stages creative marketing campaigns and VIP activities such as cross-over fashion shows. Celebrating its 10th anniversary during the period, the mall launched creative promotional activities which were combined with captivating performances. The office portion, comprising two fully equipped grade-A office towers, offers tenants the convenience of dining and shopping within the complex. The towers have attracted and retained tenants, including renowned multinationals from diverse industries along with mainland corporations. Overall occupancies of the two towers were satisfactory during the period.

The Group's other premium shopping malls are also located in prime locations of major cities, benefitting from convenient transportation links. Parc Central, the Group's joint-venture mall in Guangzhou, features an eclectic mix of retail options. The mall takes advantage of its beautifully landscaped outdoor area for staging promotional or themed events, providing customers with a refreshing shopping and leisure destination. The Group's other joint-venture mall in Guangzhou, IGC, and the Beijing APM mall in Wangfujing, Beijing, boast exceptional connectivity with metro lines, offering convenient and weather-proof access to customers seeking a one-stop shopping hub.

Chairman's Statement

Three ITC in Xujiahui, Shanghai, is a much-anticipated project in the pipeline. Construction work of the 370-metre-tall office skyscraper, Tower B, in the remaining portion is scheduled for completion in early 2025. Both Tower B and the completed Tower A, another office building of Three ITC, were designed to be world-class green workspaces. The two grade-A office towers have already obtained Platinum pre-certification and certification from LEED respectively. In addition, the office towers of Three ITC became the largest development in Asia to obtain a WELL pre-certification, demonstrating the Group's strong commitment to building and providing healthy office space. The 2.6-million-square-foot shopping mall, ITC Maison, is scheduled to open in phases from 2025 onwards.

Hangzhou IFC, another of the Group's landmark integrated projects in keeping with the IFC brand concept of excellence, is under development. Well served by two metro lines, this joint-venture project in Qianjiang New City CBD in Hangzhou will feature green and smart concepts, adding vibrancy to the city upon its full completion. Guangzhou South Station ICC, one of the Group's TOD projects in the GBA, is being developed in phases. Foundation work of its first commercial tower has recently been completed. The integrated project enjoys direct access to the high-speed rail and metro stations, and is expected to create great synergy with the Group's project atop the West Kowloon Terminus in Hong Kong, the other end of the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

Other Businesses

Hotels

During the period under review, the Group's hotel business in Hong Kong continued to recover amid the return of mega events and a revival of inbound tourism. Four Seasons Hotel Hong Kong fared well on the back of a steady return of corporate travellers. Benefitting from transport convenience brought by MTR East Rail Line Cross-harbour Extension and hotel refurbishment, some of the Royal brand hotels, including Royal Park Hotel and Royal Plaza Hotel recovered further with occupancies rising to high levels recorded before the pandemic. Banquet and wedding business also gradually gathered momentum.

To capitalize on opportunities arising from the recovery of the hospitality industry and to cope with labour shortage, the hotel management team has taken a variety of initiatives. AI-based technology such as AI assistants in guestrooms was utilized to improve operational efficiency. In addition, the hotels under the Group have actively participated in a number of cultural and leisure events in Hong Kong through the provision of catering services and accommodation offers. Since its launch, the Go Royal by SHKP loyalty programme has recruited over 140,000 members, attracting new customers for the hotels while offering current loyal customers an enriched shopping experience through its collaboration with The Point.

On the mainland, The Ritz-Carlton Shanghai, Pudong delivered an encouraging performance during the period, with revenue per available room surpassing the pre-pandemic level. The positive results were mainly supported by a rebound in domestic travel as well as a return of foreign business travellers. Since its opening in April 2023, the business of Andaz Nanjing Hexi at Nanjing IFC has been ramping up. Four Seasons Hotel Suzhou, located on a tranquil urban island along the scenic Jinji Lake, opened in December 2023. As the first Four Seasons Hotel in Jiangsu Province, the new hotel blends in with local history and culture and offers an exceptional resort and culinary experience.

Chairman's Statement

Telecommunications and Information Technology

SmarTone

During the period under review, the business of SmarTone remained resilient. Maintaining its leadership position in the premium consumer market segment, SmarTone is consistently recognized as a company with a superior network, excellent customer service, and a top brand of choice. The 5G penetration rate among its subscribers has reached 38%. The monetization of the 5G network has continued, especially from the fast-growing 5G Home Broadband business. The 5G Home Broadband service has provided a superior option to households without fibre access as well as for individuals and small-medium enterprises looking for full flexibility and versatility.

The intense competition has continued to put pressure on the profitability of local mobile business. Bright spots, however, emerge amid the challenges. SmarTone witnessed a healthy recovery of outbound travel as well as usage of its roaming services. The company's enterprise solution business has also grown materially. Despite intense pressure on costs, particularly in electricity and labour, management has been able to maintain overall operating expense at a stable level. The company will continue to improve its efficiency and productivity through technological advancement and staff training.

With a long-term commitment to delivering superior customer satisfaction, SmarTone will develop a more divergent set of businesses, including 5G Home Broadband, SmartHome Solutions, and 5G industry applications among enterprise segments. The Group remains confident about SmarTone's prospects and will continue to hold the company as a long-term investment. The Group will also leverage SmarTone as its telecommunication technology arm for its adoption of new technology.

SUNeVision

During the period under review, SUNeVision continued to see healthy growth for its data centre business, coming both from mainland and multinational customers. Evidenced by increased business from telecommunication companies and major technology players, Hong Kong has regained its strength as a regional hub. The emerging growth of AI in Asia has also started to accelerate the growth of business of major cloud players. The requirements for infrastructure and service of these players are very demanding, precisely the areas where SUNeVision excels.

With the launch of MEGA Gateway in Tsuen Wan in 2023, as well as the upcoming completion of Phase 1 of MEGA IDC in Tseung Kwan O in 2024, the data centre capacity of SUNeVision has increased by over 700,000 square feet. The MEGA IDC, in particular, is a state-of-the-art facility equipped with the most advanced infrastructure to support the next generation of computing equipment. As a sign of growing demand, SUNeVision has already received strong and confirmed demand from cloud players and financial institutions for Phase 1 of MEGA IDC, even before its opening.

Following complaints lodged by SUNeVision against suspected unauthorized subletting among data-centre operators within the industrial estates managed by the Hong Kong Science and Technology Parks Corporation (HKSTP) for years, the company won the court case back in May 2022. HKSTP finally launched its own investigation, confirming that there are indeed clear and severe breaches. SUNeVision has asked HKSTP to take serious actions and impose penalties against the offenders, as these breaches are committed by rent-seekers who undermined the healthy development of Hong Kong's technology sector.

The external environment has remained uncertain, especially with persistently high interest rates that undermine SUNeVision's profitability. The company will remain focused on implementing strong financial and operational discipline. Witnessing a strong pipeline, SUNeVision will continue to serve its customers with superior infrastructure and service.

Chairman's Statement

Infrastructure and Other Businesses

During the period under review, the Group's infrastructure and transport businesses recorded satisfactory performances. Wilson Group registered stable performance. Traffic flow at Route 3 (CPS) has picked up following the resumption of cross-border travel, but volumes have remained below pre-pandemic levels. The Hong Kong Business Aviation Centre recorded good recovery in business activities. The growth has mainly come from charter flights, as more travellers are opting for business jets to enjoy enhanced efficiency and comfort. The Airport Freight Forwarding Centre continued to play a major role in supporting logistics players to deliver time-sensitive cargoes. Its business has remained steady. The River Trade Terminal maintained steady profit amid a challenging market environment.

At YATA, the priority is to bring top quality products to customers and ensure a superior shopping experience. YATA has refined business development strategies to better serve customer needs. Under a comprehensive enhancement project, its department stores and supermarkets will undergo a transformation, featuring a new layout with a greater variety of unique products from Japan and around the world. The company is expanding and investing in areas with great demand to bring excitement to shoppers opting for fresh and healthy products. Two new stores are planned to be opened in the first half of 2024. Complemented by its strong collaboration with the Group's malls, YATA is confident of being able to provide customers with a first-rate shopping experience.

Corporate Finance

Prudent financial management is one of the pillars supporting the Group's sustainable growth. This, together with its sizeable recurring income, helps place the Group in a position to weather adverse economic conditions. As at 31 December 2023, the Group's net gearing ratio saw an increase to 21.2%, primarily due to the payment of final dividend for the last financial year, and a substantial portion of the residential sale proceeds in Hong Kong have not been received during the period under review. The above-mentioned proceeds will be received when respective units are delivered in the second half of the current financial year. Within the next several months, the Group is expected to receive residential sale proceeds of over HK\$20,000 million. The Group's net gearing ratio is expected to reduce markedly by the end of June 2024.

In December 2023, Moody's changed its rating outlook on Hong Kong from stable to negative. One day after that, the company revised the Group's rating outlook from stable to negative while reaffirming the Group's A1 rating. That said, the Group is still one of the best-rated developers in Hong Kong, as evidenced by an A+ rating (stable outlook) by S&P and A1 rating (negative outlook) by Moody's. The Group has continued to maintain excellent banking relationships with abundant banking facilities. In addition, the Group has maintained constant communication with fixed-income investors and enjoyed easy access to debt capital markets.

To achieve a better alignment of the Group's Renminbi-denominated assets and liabilities, the Group has been utilizing more Renminbi-denominated debt funding. During the period, the Group issued a total of CNH800 million 5-year bonds and CNH1,350 million 2-year bonds. In addition, onshore Renminbi construction loans continued to be tapped to fund construction capex of the Group's projects on the mainland. The recently eased rules for commercial property operating loans on the mainland will also offer more flexibility and room for the Group to source funding in that respect and contribute to market development. As at the end of December 2023, about 41% of the Group's total borrowings were either HKD fixed-rate debts or denominated in Renminbi.

The Group has not engaged in any speculative derivatives or structured product deals. The Group also has limited exposure to foreign exchange risk on debt financing, with the vast majority of its borrowings denominated in Hong Kong dollars. The remaining borrowings are mostly in Renminbi which naturally hedges the Group's assets on the mainland, while its US dollar denominated debts have fully been swapped into Hong Kong dollars.

Chairman's Statement

CORPORATE GOVERNANCE

One of the main pillars that supports the long-term and sustainable growth of the Group's businesses is a dedication to high standards of corporate governance to protect the interests of all stakeholders.

The Group's business directions, developments, and sustainability strategies are all under the direction of the Board of Directors. The Board, which consists of 19 members with diverse backgrounds, professional and business experience, and genders, complements the Group's strategies, governance, and businesses. The Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee are all chaired by INEDs. This is to ensure that the Group's strategies are appropriately executed and that business risks are addressed. Furthermore, the Executive Committee supports the Board to formulate business policies, to make decisions on key business issues and policies, and to exercise the powers and authority delegated by the Board.

Leading financial publications have recognized the Group with a number of significant awards for its management prowess, sound corporate governance, and social responsibility. During the period under review, the Group was named the Best Overall Developer in Asia Pacific, China and Hong Kong by *Euromoney*. The Group also won the Most Outstanding Company in Hong Kong – Real Estate Sector by *Asiamoney*.

SUSTAINABLE DEVELOPMENT

The Group has constantly enhanced its Environmental, Social and Governance (ESG) performance, which earned it additional recognitions. Recently the Group was included in the *S&P Global Sustainability Yearbook* for the second consecutive year. It was also listed as a constituent of the Dow Jones Sustainability Asia Pacific Index, a designation as one of the top 20% of companies with outstanding sustainability performance in the region. Meanwhile, the Group was recognized as Regional Top-rated ESG Performer by Morningstar Sustainability. In addition, the Group has continued to achieve the top AAA rating in the Hang Seng Corporate Sustainability Index since 2020 and maintained an A rating in the MSCI ESG Ratings assessment since 2021.

Environment

The Group strives to meet stringent international and local green standards in property development and property management. Such efforts have earned the Group prestigious green-building certifications, including LEED Platinum certification for its landmark projects in Hong Kong and Shanghai. While aiming to obtain LEED Gold or Platinum ratings for its new major commercial projects, the Group continues to advance the health and well-being of people in its properties. During the period, The Millennity, along with a shopping mall located beneath it, achieved a WELL Core Platinum certification from the International WELL Building Institute, the first WELL certification for an office-cum-retail development in Hong Kong.

Wetland Seasons Park, neighbouring the Hong Kong Wetland Park, is a testament to the Group's respect for nature. After previously receiving a Grand Award in the Hong Kong Residential (Multiple Buildings) category in the Quality Building Award, a prestigious biennial event jointly organized by nine leading professional organizations, the development further won a Grand Award during the period in the Green Building Awards co-organized by the Hong Kong Green Building Council and the Professional Green Building Council, in recognition of the Group's efforts in green property management.

Chairman's Statement

To align with the country and the Government's goals of carbon neutrality, the Group integrates smart technologies into its operations to reduce energy consumption and carbon emission. A number of its office buildings and shopping malls leverage the online energy management platform of a power company to track and analyse energy usage, helping further save energy consumption. Contributing to the decarbonization of road transport, the Group encourages a wider use of electric vehicles through the installation of super-fast EV chargers in all of its major malls in Hong Kong. The Group has also set a precedent by being the first developer in Hong Kong to purchase and use fully electric construction equipment, reducing carbon emission at construction sites.

The Group has also incorporated urban farms into a number of its developments, allowing more people to cultivate fresh produce and embrace a green lifestyle. In addition, The Point promoted the love of nature among students with intellectual disabilities through a drawing contest, while offering bonus-point incentives to drive the usage of the Nature Rescue cleaning app among customers. Noah's Ark Hong Kong, an attraction for visitors to bond with nature operated by the Group, became the venue of a fund-raising fasting event during the period, where participants also joined a series of activities on the theme of low-carbon living.

Social

The Group makes the most of its resources to enhance social well-being. United Court, the transitional housing project in Yuen Long initiated by the Group and completed through its collaboration with the Government and a reputable non-governmental organization, has achieved an occupancy of about 98%. Currently it provides shelter for more than 3,000 people, who previously lived in inadequate housing and have found physical and mental comfort in their new homes.

In addition, under an agreement ending in the third quarter of 2030, the Group lent an 8.9-hectare site on Yau Pok Road in Yuen Long to the Government for the construction of 2,100 light public housing units. A ground-breaking ceremony was held in mid-February 2024, and residents are expected to move in during the first half of 2025. In other words, the estate will become the first light public housing project to start taking in residents.

To help the city provide more skilled construction labour in support of the many ongoing housing and infrastructure projects, the Group extended the rent-free lease on two plots of land in Yuen Long to the Government for using the sites as centralized living quarters for imported workers and a training ground for the construction industry.

As part of its effort to nurture the next generation, the Group participated in the Government's Strive and Rise Programme, which started recruiting the second cohort in October 2023, again to broaden the horizons of students from underprivileged families. Following the previous edition, the Group continued to support the Government's Greater Bay Area Youth Employment Scheme. Participating university graduates hired by the Group are stationed in its mainland offices to gain experience through various projects.

The Group has continued to support a wide range of sports-for-charity initiatives. With its sponsorship of the Sun Hung Kai Properties Hong Kong Cyclothon and the SHKP Supernova Cycling Team, the Group has not only promoted cycling and supported elite cyclists but also helped position Hong Kong as a centre for major cycling events. To encourage people to run for good causes, the Group also sponsored the Sun Hung Kai Properties Hong Kong 10K Championships and The Community Chest Corporate Challenge.

The SHKP Reading Club, through its online platform Read for More and school outreach activities, motivates young people to make reading a habit. With the introduction of STEM and Chinese culture as main themes of its student activities, the Club is able to inspire innovation and enrich the reading experience of students.

Chairman's Statement

PROSPECTS

Looking ahead, the global economy is expected to remain highly uncertain. A number of macroeconomic factors, ranging from heightened geopolitical tensions and the resultant disruptions to supply chains, to a high interest-rate environment, will continue to impede global economic outlook and the business environment. Despite uncertainties about the near-term path of the US interest-rate movement, the transition from a rate-hike cycle to a downward trend is expected to provide favourable conditions for the world economy.

On the mainland, the Central Government has implemented policies that are conducive to stabilizing expectations, growth, and employment. These, together with the proactive fiscal policies and prudent monetary policies, should help strengthen the solid foundation for stability and improvement. The initiatives in promoting technological innovation and expanding domestic demand are poised to take the lead in supporting sustainable long-term economic development.

In light of a global environment filled with complexities, Hong Kong's economy is still facing headwinds. The challenging external environment and elevated funding costs will continue to weigh on investment sentiment in the near term. Nevertheless, the recent expansion of the Individual Visit Scheme on the mainland and a number of government initiatives should further boost inbound tourism and local consumer sentiment. Further policy relaxations, rising home rents, potential rate cuts and the relocation of more professionals and high-calibre students to Hong Kong should benefit the property market. Despite short-term market volatilities, the Group remains confident in the long-term prospects of Hong Kong and its property market.

Amid a challenging macro environment, the Group places strong emphasis on cash flow management. The Group will continue to adhere to its prudent financial discipline, including the implementation of a strict control on capital expenditure and a highly selective approach in land bank replenishment. In addition to growing a robust stream of recurring income derived from its sizeable and quality property investment portfolio and non-property businesses, the Group will capitalize on its premium brand and strong reputation for delivering high-quality properties to achieve fast asset turnovers for its property development business.

As part of its efforts to enhance the competitiveness of its property investment portfolio, the Group will adhere to its proactive leasing management approach. Creative concepts and digital initiatives will be adopted to achieve higher green building standards and ensure the delivery of properties and services in a more efficient and cost-effective manner. While establishing enduring relationships with tenants and customers, the Group has been able to understand and respond swiftly to customer needs and market trends through the SHKP Club as well as its leasing and management teams. Such advantages have allowed the Group to maintain its properties as a preferred choice for tenants in terms of both innovation and quality, as well as a source of steady and substantial recurring income.

Chairman's Statement

Several of the Group's new investment properties are coming on stream, creating new sources of recurring income over the next few years. In Hong Kong, following the soft-opening of TOWNPLACE WEST KOWLOON in October 2023, YOHO MIX, the extension of YOHO Mall in Yuen Long, and the shopping mall beneath The Millennity in Kwun Tong are scheduled to open in 2024. On the mainland, contributions from new projects, including Nanjing IFC Mall in Nanjing and Three ITC in Shanghai, will further bolster the Group's income stream. ITC Maison, the mega mall at Three ITC, is scheduled to open in phases starting from 2025. Over the medium-to-long term, major integrated projects such as the High Speed Rail West Kowloon Terminus Development in Hong Kong will also contribute to the Group's recurring rental income.

On property development for sale, the Group will continue to launch new residential projects for sale when ready and put up for sale its unsold completed residential units and some of its non-core properties, ensuring a continuous cash flow. Approximately 64% of residential properties scheduled for completion in Hong Kong in the current financial year have been sold. Over the next 10 months, several of the Group's major developments in Hong Kong are expected to be put on the market. These will include The YOHO Hub II in Yuen Long, the third phase of NOVO LAND in Tuen Mun, the second phase of YOHO WEST in Tin Shui Wai, the first phases of Cullinan Sky and Cullinan Harbour in Kai Tak, a joint-venture project on Prince Edward Road West in Ho Man Tin, and the first phase of a large-scale project in Sai Sha near Ma On Shan. On the mainland, the Group plans to launch a new phase of Shanghai Arch in Shanghai and new batches of joint-venture developments such as Hangzhou IFC and Oriental Bund in Foshan.

Over the years, Hong Kong has demonstrated its economic resilience against the challenging external environment during various economic crises and the pandemic. Hong Kong possesses enduring strengths that are difficult to replicate – robust institutional frameworks, a sound common law system, a simple and low tax regime, free flow of capital and a well-functioning exchange-rate system under the auspices of 'One Country, Two Systems', complemented by a pool of available professionals. All these factors have provided a solid anchor to the city's role as a major international financial centre. Hong Kong, with the support of the Central Government, will implement new measures involving financial market connectivity, strengthening the city's capability in connecting the mainland and international markets. The anticipated legislation of Article 23 of the Basic Law together with the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region already in place will bring safety, stability, and a favourable business environment to Hong Kong. With the strong support of the motherland, Hong Kong will continue with its role as a global connector and further demonstrate the robustness and resilience of its distinctive advantages. The Group has full confidence in the long-term prospects of the mainland and Hong Kong.

Chairman's Statement

For over half a century, the Group has navigated through various economic cycles and crises alongside Hong Kong. Its culture of continuous learning and decades of experience in weathering storms have endowed the Group with resilience to cope with difficult times and emerge as a visionary developer, consistently fostering innovation in its pursuit of excellence. The Group's unwavering commitment to quality over the years has earned it a trusted brand. This, together with its seasoned management and strong team spirit among staff members, makes up an integral part of the Group's valuable assets. These, along with the Group's prudent financial principles, time-tested business strategy, strong execution ability, and a corporate culture of moving with the times, serve as the pillars of its solid foundation and business sustainability. The Group firmly believes that there is always a rainbow after the rain and will continue to develop premium properties and services in Hong Kong and on the mainland to meet the diverse needs of customers.

APPRECIATION

I would like to take this opportunity to express my appreciation to our staff for their unwavering dedication, team spirit and commitment to excellence. Their relentless efforts have significantly contributed to the Group's ability to remain robust in the face of challenges and continuously elevate our capabilities. My gratitude also goes to my fellow directors for their guidance, and our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 28 February 2024

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SUN HUNG KAI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Sun Hung Kai Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 19 to 41, which comprise the consolidated statement of financial position as at 31 December 2023 and the related consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and consolidated statement of changes in equity for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong

28 February 2024

Consolidated Income Statement

For the six months ended 31 December 2023
(Expressed in millions of Hong Kong dollars)

		(Unaudited) Six months ended 31 December	
		2023	2022
	Notes		
Revenue	2	27,542	27,428
Cost of sales		(13,724)	(13,384)
Gross profit		13,818	14,044
Other net income		390	150
Selling and marketing expenses		(1,661)	(1,855)
Administrative expenses		(1,594)	(1,480)
Operating profit		10,953	10,859
Change in fair value of investment properties		13	(348)
Finance costs		(1,963)	(1,482)
Finance income		203	267
Net finance costs	4	(1,760)	(1,215)
Share of results of:			
Associates		162	261
Joint ventures		1,590	901
		1,752	1,162
Profit before taxation	5	10,958	10,458
Taxation	6	(1,485)	(1,668)
Profit for the period		9,473	8,790
Profit for the period attributable to:			
Company's shareholders		9,145	8,410
Non-controlling interests		328	380
		9,473	8,790
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	7(a)		
Basic and diluted		\$3.16	\$2.90
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)	7(b)		
Basic and diluted		\$3.07	\$3.27

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2023
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2023	2022
Profit for the period	9,473	8,790
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of Mainland subsidiaries	1,701	(3,397)
Cash flow hedge		
– fair value losses recognized directly through other comprehensive income	(320)	(299)
– fair value gains transferred to consolidated income statement	(28)	(31)
	(348)	(330)
Debt securities		
– fair value gains/(losses) recognized directly through other comprehensive income	2	(4)
– fair value losses transferred to consolidated income statement	–	4
	2	–
Share of other comprehensive income/(losses) of associates and joint ventures	618	(686)
Items that will not be reclassified to profit or loss:		
Fair value losses of equity securities at fair value through other comprehensive income	(91)	(155)
Share of other comprehensive income/(losses) of an associate	17	(42)
Other comprehensive income/(losses) for the period	1,899	(4,610)
Total comprehensive income for the period	11,372	4,180
Total comprehensive income for the period attributable to:		
Company's shareholders	11,002	3,847
Non-controlling interests	370	333
	11,372	4,180

Consolidated Statement of Financial Position

As at 31 December 2023
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2023	(Audited) 30 June 2023
Non-current assets			
Investment properties	9	408,815	403,559
Property, plant and equipment	10	49,015	47,168
Associates		7,897	7,715
Joint ventures		95,487	93,639
Financial investments	11	1,778	1,991
Intangible assets		4,707	5,079
Other non-current assets	12	3,731	4,057
		571,430	563,208
Current assets			
Properties for sale		219,705	211,639
Inventories		575	497
Trade and other receivables	13	15,771	14,757
Financial investments	11	723	610
Bank deposits and cash		7,931	15,280
		244,705	242,783
Current liabilities			
Bank and other borrowings		(20,290)	(7,508)
Trade and other payables	14	(31,707)	(32,288)
Deposits received on sales of properties		(5,770)	(4,162)
Current tax payable		(7,325)	(9,456)
		(65,092)	(53,414)
Net current assets			
		179,613	189,369
Total assets less current liabilities			
		751,043	752,577
Non-current liabilities			
Bank and other borrowings		(115,427)	(117,545)
Deferred tax liabilities		(24,243)	(23,910)
Other non-current liabilities		(4,495)	(4,326)
		(144,165)	(145,781)
NET ASSETS			
		606,878	606,796
CAPITAL AND RESERVES			
Share capital	15	70,703	70,703
Reserves		531,627	531,352
Shareholders' equity			
		602,330	602,055
Non-controlling interests			
		4,548	4,741
TOTAL EQUITY			
		606,878	606,796

Directors:

Kwok Ping-luen, Raymond
Lui Ting, Victor

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2023	2022
Operating activities		
Operating cash inflow	12,491	12,965
Changes in working capital	(8,044)	1,126
Cash generated from operations	4,447	14,091
Interest expenses and other finance costs paid	(2,881)	(1,827)
Bank interest received	205	249
Interest received from investments	33	47
Dividends received from equity securities	34	53
Dividends received from associates and joint ventures	871	1,732
Tax paid		
– Hong Kong	(3,084)	(4,751)
– Outside Hong Kong	(597)	(1,698)
Net cash (used in)/from operating activities	(972)	7,896
Net cash used in investing activities		
– additions to investment properties	(2,785)	(4,144)
– others	(2,414)	(1,888)
	(5,199)	(6,032)
Net cash used in financing activities		
– net drawdown of bank and other borrowings	10,309	7,639
– decrease/(increase) in bank deposits maturing after more than three months	530	(75)
– principal elements of lease payments	(529)	(467)
– payment for repurchase of shares by a subsidiary	(12)	(1)
– dividends paid to Company's shareholders	(10,722)	(10,722)
– dividends paid to non-controlling interests	(360)	(337)
– others	(211)	(29)
	(995)	(3,992)
Decrease in cash and cash equivalents	(7,166)	(2,128)
Cash and cash equivalents at beginning of period	14,277	18,287
Effect of foreign exchange rates changes	345	(469)
Cash and cash equivalents at end of period	7,456	15,690
Analysis of the balance of cash and cash equivalents at end of period		
Bank deposits and cash	7,931	17,802
Less: Bank deposits maturing after more than three months	(427)	(2,066)
Pledged bank deposits	(48)	(46)
	7,456	15,690

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023
(Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders							Non-controlling interests	Total
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total			
At 1 July 2022	70,703	1,059	1,174	(12)	529,022	601,946	4,798	606,744	
Profit for the period	-	-	-	-	8,410	8,410	380	8,790	
Exchange difference on translation of Mainland subsidiaries	-	-	-	(3,352)	-	(3,352)	(45)	(3,397)	
Fair value losses on cash flow hedge	-	(330)	-	-	-	(330)	-	(330)	
Fair value losses on equity securities at fair value through other comprehensive income	-	-	(153)	-	-	(153)	(2)	(155)	
Transfer to retained profits upon disposal of equity securities	-	-	(474)	-	474	-	-	-	
Share of other comprehensive income/(losses) of associates and joint ventures	-	-	146	(739)	(135)	(728)	-	(728)	
Other comprehensive (losses)/income for the period	-	(330)	(481)	(4,091)	339	(4,563)	(47)	(4,610)	
Total comprehensive (losses)/income for the period	-	(330)	(481)	(4,091)	8,749	3,847	333	4,180	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	9	9	
Dividend paid (2022 final dividend HK\$3.70 per share)	-	-	-	-	(10,722)	(10,722)	-	(10,722)	
Adjustments relating to changes in interests in subsidiaries	-	(1)	-	-	-	(1)	(3)	(4)	
Dividends to non-controlling interests	-	-	-	-	-	-	(337)	(337)	
At 31 December 2022	70,703	728	693	(4,103)	527,049	595,070	4,800	599,870	

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023
(Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders							Non-controlling interests	Total
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total			
At 1 July 2023	70,703	1,176	600	(9,355)	538,931	602,055	4,741	606,796	
Profit for the period	-	-	-	-	9,145	9,145	328	9,473	
Exchange difference on translation of Mainland subsidiaries	-	-	-	1,660	-	1,660	41	1,701	
Fair value losses on cash flow hedge	-	(348)	-	-	-	(348)	-	(348)	
Fair value gains on debt securities at fair value through other comprehensive income	-	-	2	-	-	2	-	2	
Fair value losses on equity securities at fair value through other comprehensive income	-	-	(92)	-	-	(92)	1	(91)	
Transfer to retained profits upon disposal of equity securities	-	-	(1)	-	1	-	-	-	
Share of other comprehensive income of associates and joint ventures	-	-	73	549	13	635	-	635	
Other comprehensive (losses)/income for the period	-	(348)	(18)	2,209	14	1,857	42	1,899	
Total comprehensive (losses)/income for the period	-	(348)	(18)	2,209	9,159	11,002	370	11,372	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	4	4	
Lapse of share options of subsidiaries	-	-	-	-	6	6	(6)	-	
Dividend paid (2023 final dividend HK\$3.70 per share)	-	-	-	-	(10,722)	(10,722)	-	(10,722)	
Adjustments relating to changes in interests in subsidiaries	-	(11)	-	-	-	(11)	(21)	(32)	
Capital reduction of a subsidiary	-	-	-	-	-	-	(180)	(180)	
Dividends to non-controlling interests	-	-	-	-	-	-	(360)	(360)	
At 31 December 2023	70,703	817	582	(7,146)	537,374	602,330	4,548	606,878	

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 30 June 2023 included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 30 June 2023 to the Registrar of Companies and the Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the consolidated financial statements for the year ended 30 June 2023. The Group has adopted a number of new and amendments to Hong Kong Financial Reporting Standards that are effective for the first time for this interim period. These new or amended standards had no material impact on the Group's financial statements.

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

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and change in fair value of investment properties, which are reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

An analysis of the revenue and results for the period of the Group and its share of associates and joint ventures by reportable and operating segments is as follows:

For the six months ended 31 December 2023

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	3,612	1,235	–	–	3,612	1,235
Mainland	256	81	1,338	724	1,594	805
	3,868	1,316	1,338	724	5,206	2,040
Property rental						
Hong Kong	7,552	5,499	1,389	1,075	8,941	6,574
Mainland	2,569	2,076	570	397	3,139	2,473
Singapore	–	–	374	279	374	279
	10,121	7,575	2,333	1,751	12,454	9,326
Hotel operations	2,317	359	440	71	2,757	430
Telecommunications	3,390	361	–	–	3,390	361
Transport infrastructure and logistics	2,318	672	2,024	275	4,342	947
Data centre operations	1,290	616	–	–	1,290	616
Other businesses	4,238	599	253	29	4,491	628
Segment total	27,542	11,498	6,388	2,850	33,930	14,348
Other net income/(loss)		390		(83)		307
Unallocated administrative expenses		(935)		–		(935)
Operating profit		10,953		2,767		13,720
Change in fair value of investment properties						
Hong Kong		526		32		558
Mainland		(513)		(198)		(711)
Singapore		–		262		262
		13		96		109
Net finance costs		(1,760)		(381)		(2,141)
Profit before taxation		9,206		2,482		11,688
Taxation						
– Group		(1,485)		–		(1,485)
– Associates		–		(22)		(22)
– Joint ventures		–		(708)		(708)
Profit for the period		7,721		1,752		9,473

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (cont'd)

For the six months ended 31 December 2022

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	2,881	1,198	4	2	2,885	1,200
Mainland	2,176	1,083	1,855	1,083	4,031	2,166
	5,057	2,281	1,859	1,085	6,916	3,366
Property rental						
Hong Kong	7,429	5,352	1,343	1,041	8,772	6,393
Mainland	2,295	1,832	503	386	2,798	2,218
Singapore	–	–	357	276	357	276
	9,724	7,184	2,203	1,703	11,927	8,887
Hotel operations	1,551	(82)	309	19	1,860	(63)
Telecommunications	3,809	391	–	–	3,809	391
Transport infrastructure and logistics	2,051	604	1,835	195	3,886	799
Data centre operations	1,108	557	–	–	1,108	557
Other businesses	4,128	656	230	25	4,358	681
Segment total	27,428	11,591	6,436	3,027	33,864	14,618
Other net income/(loss)		150		(5)		145
Unallocated administrative expenses		(882)		–		(882)
Operating profit		10,859		3,022		13,881
Change in fair value of investment properties						
Hong Kong		(351)		(825)		(1,176)
Mainland		3		(67)		(64)
Singapore		–		34		34
		(348)		(858)		(1,206)
Net finance costs		(1,215)		(216)		(1,431)
Profit before taxation		9,296		1,948		11,244
Taxation						
– Group		(1,668)		–		(1,668)
– Associates		–		(8)		(8)
– Joint ventures		–		(778)		(778)
Profit for the period		7,628		1,162		8,790

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (cont'd)

Results from property sales included selling and marketing expenses of HK\$290 million (2022: HK\$440 million) and HK\$83 million (2022: HK\$61 million) that related to pre-sale of property projects under construction in Hong Kong and Mainland, respectively.

Other businesses comprise revenue and profit derived from other activities including property management, department store operations and financial services.

Other net income includes mainly net gain on disposal of investment properties and net investment income from financial assets.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The following tables present the Group's revenue from contracts with customers disaggregated into major business segments, primary geographical markets and according to the timing of revenue recognition, including a reconciliation of the disaggregated revenue with the amounts disclosed in the segment information.

For the six months ended 31 December 2023

	Revenue from contracts with customers			Revenue from other sources	Total
	recognized at a point in time	recognized over time	Subtotal		
(i) By segments					
Property sales	3,868	–	3,868	–	3,868
Property rental	–	1,070	1,070	9,051	10,121
Hotel operations	935	1,382	2,317	–	2,317
Telecommunications	1,087	2,303	3,390	–	3,390
Transport infrastructure and logistics	64	2,071	2,135	183	2,318
Data centre operations	–	1,290	1,290	–	1,290
Property management	99	2,723	2,822	–	2,822
Department store operations	1,045	–	1,045	–	1,045
Financial services and others	–	24	24	347	371
	7,098	10,863	17,961	9,581	27,542
(ii) Geographical markets					
Hong Kong	6,708	10,646	17,354	7,015	24,369
Mainland	379	196	575	2,566	3,141
Others	11	21	32	–	32
	7,098	10,863	17,961	9,581	27,542

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

(a) Disaggregation of revenue from contracts with customers (cont'd)

For the six months ended 31 December 2022

	Revenue from contracts with customers			Revenue from other sources	Total
	recognized at a point in time	recognized over time	Subtotal		
(i) By segments					
Property sales	5,057	–	5,057	–	5,057
Property rental	–	1,052	1,052	8,672	9,724
Hotel operations	786	765	1,551	–	1,551
Telecommunications	1,476	2,333	3,809	–	3,809
Transport infrastructure and logistics	44	1,831	1,875	176	2,051
Data centre operations	–	1,108	1,108	–	1,108
Property management	94	2,510	2,604	–	2,604
Department store operations	1,189	–	1,189	–	1,189
Financial services and others	–	11	11	324	335
	8,646	9,610	18,256	9,172	27,428
(ii) Geographical markets					
Hong Kong	6,276	9,527	15,803	6,880	22,683
Mainland	2,224	64	2,288	2,292	4,580
Others	146	19	165	–	165
	8,646	9,610	18,256	9,172	27,428

Revenue from other sources includes rental income and income from rendering of financial services.

(b) Revenue recognized in relation to contract liabilities

Contract liabilities primarily relate to the Group's unfulfilled performance obligations to transfer goods or services to customers for which consideration has been received at the reporting date. The contract liability is recognized in revenue in the period when performance obligations are fulfilled.

During the six months ended 31 December 2023, the Group recognized revenue of HK\$513 million (2022: HK\$1,398 million) from sales of properties that were included in contract liabilities at the beginning of the period.

(c) Expected revenue from remaining performance obligations in contracts with customers

As of 31 December 2023, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK\$33,140 million (30 June 2023: HK\$28,324 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 68% is expected to be recognized as revenue in the second half of the current financial year and 29% in the next financial year.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

4. NET FINANCE COSTS

	Six months ended 31 December	
	2023	2022
Interest and other finance costs on bank and other borrowings	2,996	2,037
Notional non-cash interest accretion	34	35
Finance costs on lease liabilities	42	16
Less: Amount capitalized	(1,109)	(606)
	1,963	1,482
Interest income on bank deposits	(203)	(267)
	1,760	1,215

5. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2023	2022
Profit before taxation is arrived at after charging:		
Cost of properties sold	1,846	1,894
Cost of other inventories sold	1,598	2,065
Depreciation of property, plant and equipment	1,529	1,443
Amortization of		
Intangible assets (included in cost of sales)	368	368
Contract acquisition costs	187	204
Impairment loss on goodwill	4	–
Credit loss allowance on financial assets and contract assets	40	20
Lease expenses		
Short-term and low-value assets leases	72	120
Variable lease payments	18	23
Staff costs (including directors' emoluments and retirement schemes contributions)	5,152	4,875
Share-based payments	4	9
Loss on disposal of financial investments at fair value through profit or loss	6	38
Fair value losses on financial investments at fair value through profit or loss	54	95
and crediting:		
Dividend income from investments	34	53
Interest income from investments	36	38

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

6. TAXATION

	Six months ended	
	31 December	
	2023	2022
Current tax expenses		
Hong Kong profits tax	897	936
Under/(over) provision in prior years	4	(4)
	901	932
Tax outside Hong Kong	609	723
Over provision in prior years	–	(28)
	609	695
Total current tax	1,510	1,627
Deferred tax (credit)/expenses		
Change in fair value of investment properties	(280)	(217)
Other origination and reversal of temporary differences	255	258
Total deferred tax	(25)	41
Total income tax expenses	1,485	1,668

Hong Kong profits tax is provided at the rate of 16.5% (2022: 16.5%) based on the estimated assessable profits for the period. Tax outside Hong Kong, which includes Mainland land appreciation tax and withholding tax on income distributions, is calculated at the rates applicable in the relevant jurisdictions.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

7. EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit for the period attributable to the Company's shareholders of HK\$9,145 million (2022: HK\$8,410 million).

The basic earnings per share is based on the weighted average number of shares in issue during the interim period of 2,897,780,274 (2022: 2,897,780,274) shares.

Diluted earnings per share were the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the periods.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit for the period attributable to the Company's shareholders of HK\$8,906 million (2022: HK\$9,465 million), which excluded the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2023	2022
Profit attributable to the Company's shareholders as shown in the consolidated income statement	9,145	8,410
(Increase)/decrease in fair value of investment properties		
Subsidiaries	(13)	348
Associates	(56)	(88)
Joint ventures	(40)	946
	(109)	1,206
Effect of corresponding deferred tax expenses		
Subsidiaries	(280)	(217)
Joint ventures	(37)	(32)
Non-controlling interests	(6)	10
Unrealized fair value (gains)/losses of investment properties net of deferred tax	(432)	967
Fair value gains of investment properties net of deferred tax realized on disposal	193	88
Net effect of change in fair value of investment properties	(239)	1,055
Underlying profit attributable to the Company's shareholders	8,906	9,465

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

8. DIVIDENDS

- (a) Interim dividend payable to equity shareholders of the Company declared after the interim period

	Six months ended 31 December	
	2023	2022
Interim dividend declared after the interim period of HK\$0.95 (2022: HK\$1.25) per share	2,753	3,622

The interim dividend declared after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

- (b) Final dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 31 December	
	2023	2022
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$3.70 (2022: HK\$3.70) per share	10,722	10,722

9. INVESTMENT PROPERTIES

- (a) Movement during the period

	Completed	Under development	Total
Valuation			
At 1 July 2023	337,987	65,572	403,559
Additions	481	3,103	3,584
Transfer upon completion	8,246	(8,246)	–
Disposals	(219)	–	(219)
Transfer to property, plant and equipment	(209)	–	(209)
Exchange difference	1,444	643	2,087
Increase/(decrease) in fair value	575	(562)	13
At 31 December 2023	348,305	60,510	408,815

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

9. INVESTMENT PROPERTIES (cont'd)

- (b) The Group's investment properties were valued at their fair values at 31 December 2023 and 30 June 2023 by Knight Frank Petty Limited, an independent firm of professional qualified valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

The Group's completed investment properties are valued using the income capitalization method by capitalizing the net income from the existing tenancies and reversionary income potential at appropriate capitalization rates for individual properties. The capitalization rate adopted is derived by making reference to the yields achieved from analysis of comparable property investment transactions and valuer's view of prevailing investor expectations regarding rental growth and perceived risks.

The Group's investment properties under development are valued using the residual method by estimating the value of the property when completed using income capitalization method with reference to comparable sales transactions assuming that the property had been completed in accordance with the current development plan on the valuation date less the costs that will be incurred to complete the development with appropriate allowance for profit and risk.

Set out below is the significant unobservable inputs used for fair value measurements:

	Fair value		Weighted average capitalization rate	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Completed				
Hong Kong	272,238	263,266	5.1%	5.1%
Mainland	76,067	74,721	6.6%	6.6%
	348,305	337,987		
	Fair value (residual method)		Capitalization rate	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Under development				
Hong Kong	26,834	33,151	3.0%-5.5%	3.0%-5.5%
Mainland	33,676	32,421	5.0%-8.8%	5.0%-8.8%
	60,510	65,572		

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, additions to property, plant and equipment amounted to HK\$3,075 million, of which HK\$618 million are additions to right-of-use assets. Net book value of property, plant and equipment disposed of during the period amounted to HK\$11 million.

11. FINANCIAL INVESTMENTS

31 December 2023				
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	13	137	332	482
Equity securities	448	848	–	1,296
	461	985	332	1,778
Current assets				
Debt securities	–	23	102	125
Equity securities	598	–	–	598
	598	23	102	723
30 June 2023				
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	12	90	475	577
Equity securities	474	940	–	1,414
	486	1,030	475	1,991
Current assets				
Debt securities	–	4	–	4
Equity securities	606	–	–	606
	606	4	–	610

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

12. OTHER NON-CURRENT ASSETS

	31 December	30 June
	2023	2023
Mortgage loan receivables	2,759	3,089
Other loan receivables	1,072	1,057
Total loans receivables	3,831	4,146
Less: Amount due within one year included under trade and other receivables	(202)	(216)
	3,629	3,930
Derivative financial instruments	102	127
	3,731	4,057

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with various tenors up to 30 years at the end of the reporting period and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK\$1,791 million (30 June 2023: HK\$1,920 million). The Group recognizes expected credit loss for all loans receivables based on its assessment of changes in credit risk on a collective basis, with reference to both historical loss experience and forward-looking information. Changes in the loss allowance are recognized in profit or loss.

13. TRADE AND OTHER RECEIVABLES

		31 December	30 June
	Notes	2023	2023
Trade receivables	(a)	3,793	3,818
Other account receivables, deposits and prepayments	(b)	10,697	9,458
Deposits for acquisition of properties		583	750
Contract assets		496	515
Short-term loans		202	216
		15,771	14,757

(a) At 31 December 2023, 58% of trade receivables are aged less than 30 days, 17% between 31 to 60 days, 6% between 61 to 90 days and 19% more than 90 days (30 June 2023: 65%, 14%, 6% and 15% respectively).

(b) The balance includes contract acquisition costs of HK\$393 million (30 June 2023: HK\$277 million) primarily related to incremental commission costs incurred to obtain property sales and telecommunication services contracts with customers. There was no impairment loss in relation to the cost capitalized.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

14. TRADE AND OTHER PAYABLES

	31 December 2023	30 June 2023
Trade payables	3,079	3,259
Other payables and accrued expenses	24,879	25,394
Contract liabilities	986	957
Amounts due to non-controlling interests	1,225	1,234
Lease liabilities	1,467	1,378
Derivative financial instruments	71	66
	31,707	32,288

At 31 December 2023, 61% of trade payables are aged less than 30 days, 8% between 31 to 60 days, 4% between 61 to 90 days, and 27% more than 90 days (30 June 2023: 66%, 7%, 4% and 23% respectively).

15. SHARE CAPITAL

	Number of shares in million	Amount
Issued and fully paid:		
Ordinary shares		
At 30 June 2023 and 31 December 2023	2,898	70,703

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

16. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group undertook a variety of transactions with certain of its associates and joint ventures. The most significant transactions between the Group and these related parties which were carried out on commercial terms are summarized as follows:

	Associates		Joint ventures	
	Six months ended 31 December		Six months ended 31 December	
	2023	2022	2023	2022
Interest income	–	–	47	46
Cash rental paid	–	–	29	27
Other revenue from services rendered	132	272	773	574
Purchase of goods and services	–	–	332	334

17. CONTINGENT LIABILITIES AND COMMITMENTS

The Group had contingent liabilities and commitments, so far as not provided for in the condensed consolidated financial statements, as follows:

	31 December 2023	30 June 2023
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	4,624	4,640
Authorized but not contracted for	12,489	6,026
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	2,265	2,661
Authorized but not contracted for	4,020	4,344
(c) Guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$1,967 million (30 June 2023: HK\$2,072 million).		

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

The following tables present the carrying value of the Group's financial instruments that are measured at fair value at the end of the reporting period, categorized into the three-level fair value hierarchy defined as follows:

- Level 1 Fair values measured at unadjusted quoted prices in active markets for identifiable assets or liabilities at the measurement date. This level includes all listed debt securities and listed equity securities, and certain unlisted debt securities that are measured at quoted prices in active markets.
- Level 2 Fair values measured using inputs other than quoted prices where those inputs are based on observable market data and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 Fair values measured using significant unobservable inputs. This level includes all unlisted equity securities, except for certain unlisted equity securities which are classified as Level 2 as they are measured using inputs that are derived from or corroborated by observable market data.

As at 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	13	–	–	13
Equity securities	598	–	448	1,046
Financial assets at FVOCI				
Debt securities	160	–	–	160
Equity securities	512	9	327	848
Derivative financial instruments				
Cross currency interest rate swaps	–	93	–	93
Forward foreign exchange contracts	–	9	–	9
	1,283	111	775	2,169
Financial liabilities				
Bond and notes subject to fair value hedges	–	1,338	–	1,338
Derivative financial instruments				
Cross currency interest rate swaps	–	429	–	429
Interest rate swaps	–	2	–	2
	–	1,769	–	1,769

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

18. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) Financial instruments carried at fair value (cont'd)

As at 30 June 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	12	–	–	12
Equity securities	606	–	474	1,080
Financial assets at FVOCI				
Debt securities	94	–	–	94
Equity securities	618	7	315	940
Derivative financial instruments				
Cross currency interest rate swaps	–	118	–	118
Forward foreign exchange contracts	–	9	–	9
	1,330	134	789	2,253
Financial liabilities				
Bond and notes subject to fair value hedges				
	–	1,620	–	1,620
Derivative financial instruments				
Cross currency interest rate swaps	–	113	–	113
Interest rate swaps	–	14	–	14
	–	1,747	–	1,747

There were no transfer amongst Level 1, Level 2 and Level 3 in the fair value hierarchy and no change in valuation techniques used during the period.

(i) Valuation techniques and inputs used in Level 2 fair value measurement

The fair values of cross currency interest rate swap contracts and interest rate swap contracts in Level 2 are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period quoted from financial institutions.

The fair value of bonds and notes subject to fair value hedges is determined based on cash flows discounted using current market interest rates for similar financial instruments.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

18. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) Financial instruments carried at fair value (cont'd)

- (ii) Valuation techniques and inputs used in Level 3 fair value measurement

The fair value of unlisted equity securities in Level 3 is determined by reference to the net asset value of the investees, or by using discounted cash flow models or market approach with reference to multiples of comparable listed companies, adjusted for a discount for lack of marketability.

The movement during the period in the balance of Level 3 fair value measurement is as follows:

	Financial assets measured at		Total
	FVTPL	FVOCI	
Unlisted equity securities			
At 1 July 2023	474	315	789
Purchases	10	–	10
Change in fair value recognized in			
– profit or loss	(36)	–	(36)
– other comprehensive income	–	12	12
At 31 December 2023	448	327	775

(b) Fair values of financial assets and liabilities carried at cost or amortized cost

The following table presents the carrying amounts of the Group's financial instruments measured at cost or amortized cost which were different from their fair values at the end of the reporting period.

	31 December 2023		30 June 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt securities	434	433	475	478
Long-term borrowings	114,387	111,697	116,520	113,055

The fair value of debt securities is measured at quoted market prices. The fair value of long-term borrowings is estimated by discounting their future cash flows using the market interest rates prevailing at the end of the reporting period.

All other financial instruments measured at cost or amortized cost are typically those that are short-term in nature or carry variable interest rates and reprice to current market rate changes. Accordingly, their carrying amounts approximate their fair values.

Financial Review

REVIEW OF RESULT FOR THE FIRST HALF OF FY2023/24

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2023 was HK\$8,906 million, decreased by 6% or HK\$559 million compared with HK\$9,465 million reported in the same period last year.

Including the net effect of revaluation changes on investment properties, the Company reported an attributable profit to shareholders of HK\$9,145 million, representing an increase of HK\$735 million or 9% compared with HK\$8,410 million for the same period last year.

	Six months ended 31 December	
	2023 HK\$ Million	2022 HK\$ Million
Underlying profit attributable to Company's shareholders	8,906	9,465
Adjustment for net revaluation movements on investment properties		
Net revaluation gain/(loss)	432	(967)
Valuation gains realized on disposal	(193)	(88)
Net effect	239	(1,055)
Profit attributable to Company's shareholders	9,145	8,410

Total revenue of the Group's business segments (including share of joint ventures and associates) for the six months ended 31 December 2023 was HK\$33,930 million (2022: HK\$33,864 million). Segment operating profit was HK\$14,348 million, decreased by 2% compared with the same period last year. The decrease was primarily attributable to lower property development profit from the Mainland, which was largely offset by the increase in net profit contributions from property rental, hotel and other non-property businesses.

Revenue and Operating profit/(loss) by segment for the six months ended 31 December (including share of joint ventures and associates)

	Revenue		Operating profit/(loss)	
	2023 HK\$ Million	2022 HK\$ Million	2023 HK\$ Million	2022 HK\$ Million
Property sales				
Hong Kong	3,612	2,885	1,235	1,200
Mainland	1,594	4,031	805	2,166
	5,206	6,916	2,040	3,366
Property rental				
Hong Kong	8,941	8,772	6,574	6,393
Mainland	3,139	2,798	2,473	2,218
Singapore	374	357	279	276
	12,454	11,927	9,326	8,887
Hotel operations	2,757	1,860	430	(63)
Telecommunications	3,390	3,809	361	391
Transport infrastructure and logistics	4,342	3,886	947	799
Data centre operations	1,290	1,108	616	557
Other businesses	4,491	4,358	628	681
Segment total	33,930	33,864	14,348	14,618

Financial Review

Revenue from property sales (including share of joint ventures) in Hong Kong for the six months ended 31 December 2023 increased by 25% year-on-year to HK\$3,612 million, and was mainly derived from sales of residential units in Grand YOHO Phase 2, PARK YOHO Bologna, PARK YOHO Napoli, Wetland Seasons Bay Phases 2 and 3 and KENNEDY 38. Development profit increased by 3% to HK\$1,235 million. Profit margin was 34% compared with 42% for the same period last year. No revenue was recognized during the period from the Group's current year's residential development projects for sales, which are all scheduled for handover in the second half of the financial year. Major residential developments completing in the second half include Silicon Hill, University Hill, NOVO LAND Phases 2A and 2B and Grand Jete.

Revenue from property sales (including share of joint ventures) on the Mainland decreased by 60% to HK\$1,594 million, mainly due to lower sales volume of residential units. Development profit decreased by 63% to HK\$805 million. The contributions were mainly attributable to sales of residential units in Shanghai Cullinan, Forrest Hills, Grand Waterfront Phase 3 and Oriental Bund.

As at 31 December 2023, contracted property sales attributable to the Group (including share of joint ventures) not yet recognized amounted to HK\$38.9 billion, comprising HK\$32.8 billion in Hong Kong, of which about HK\$22.4 billion is expected to be recognized in the second half of the current financial year and HK\$9.4 billion in the next financial year, and HK\$6.1 billion on the Mainland.

Rental revenue of property investment in Hong Kong, including share of joint ventures and associates, increased by 2% to HK\$8,941 million. Net rental income increased by 3% to HK\$6,574 million. The increase in revenue was mainly driven by increased contribution from the retail and the serviced apartment segments. The retail portfolio saw a revenue increase of 4% to HK\$4,633 million, while the office portfolio recorded a revenue drop of 3% to HK\$3,005 million due to negative rental reversions. Revenue from the Group's residential and serviced apartment portfolio grew by 15% year-on-year, driven mostly by increase in rent rates as well as the contribution from TOWNPLACE WEST KOWLOON, the Group's brand-new serviced apartment in West Kowloon.

Rental revenue and net rental income of the Mainland portfolio, including share of joint ventures, increased by 12% and 11% in Hong Kong dollar terms to HK\$3,139 million and HK\$2,473 million, respectively. In Renminbi ("RMB") terms, rental revenue increased by 16% to RMB2,896 million, driven mainly by rental growth from the retail portfolio and the absence of rental concession.

Hotel segment (including share of joint ventures) recorded a 48% year-on-year increase in revenue to HK\$2,757 million. Operating profit amounted to HK\$430 million (after depreciation charge of HK\$333 million) compared to an operating loss of HK\$63 million for the same period last year. Room rate and occupancy continued to improve amid a strong pick up in events and increase in leisure tourists. An average occupancy rate of 84% was achieved for the Group's hotels in Hong Kong during the period.

SmarTone reported a revenue of HK\$3,390 million, decreased by 11% and operating profit of HK\$361 million, down by 8% as compared with the same period last year. The year-on-year decrease was mainly due to reduced handset sales. Total service revenue remained resilient with notable recovery from roaming business amid fierce competition in the local mobile market.

Transport infrastructure and logistics segment (including share of joint ventures and associates) reported a revenue growth of 12% to HK\$4,342 million with operating profit increased by 19% to HK\$947 million. The increase was largely contributed by improved performance in business aviation centre operation, toll road and franchised bus business following the resumption of cross-border travel.

Financial Review

SUNeVision's revenue increased by 16% to HK\$1,290 million and operating profit increased by 11% to HK\$616 million, driven by continued demand for data centre services from both Mainland and multi-national customers.

The Group's other businesses (including share of joint ventures and associates), which include mainly property management, department store operations and financial services, reported a revenue and operating profit of HK\$4,491 million and HK\$628 million, respectively. Performance of this segment was steady during the period under review, with YATA currently undergoing a revamp and upgrade of its stores to cope with the changing customer needs for shopping experience.

Fair Value Change of Investment Properties

Investment properties were carried at fair values based on independent valuation as at 31 December 2023.

The Group recorded a net unrealized gain of HK\$13 million (2022: loss of HK\$348 million) arising from investment properties revaluation and shared a net revaluation gain of HK\$96 million (2022: loss of HK\$858 million) on revaluation of investment properties held by its joint ventures and associates. Net unrealized revaluation gain attributable to the Company's shareholders, after related deferred taxation and non-controlling interests, was HK\$432 million (2022: loss of HK\$967 million). The net revaluation gain was mainly attributable to revaluation gain from the retail and serviced apartment portfolio driven by increase in rent rates, offset by revaluation loss of the office portfolio due to lower market rents.

FINANCIAL MANAGEMENT

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

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

Gearing Ratio

The Group's balance sheet remains strong. Shareholders' equity was HK\$602.3 billion or HK\$207.9 per share as at 31 December 2023 compared with HK\$602.1 billion as at 30 June 2023. The increase was primarily attributable to profit attributable to the shareholders of HK\$9.1 billion and foreign exchange gain of HK\$2.2 billion on translation of financial statements of the Mainland and overseas operations, net of dividends of HK\$10.7 billion paid during the period.

As at 31 December 2023, the Group's net debt amounted to HK\$127,786 million (30 June 2023: HK\$109,773 million). Gearing ratio as at 31 December 2023, calculated on the basis of net debt to shareholders' equity of the Company, was 21.2% compared to 18.2% as at 30 June 2023. The increase in net debt primarily reflects that a substantial portion of the residential sale proceeds in Hong Kong have not been received during the period under review. These proceeds are expected to be received upon delivery of the residential units to the customers within the next several months. Consequently, the Group's net debt position is anticipated to improve significantly once these payments are realized.

Financial Review

Finance Costs and Interest Cover

For the six months ended 31 December 2023, net finance costs including capitalized interest increased by HK\$1,048 million to HK\$2,869 million, reflecting higher average effective cost of borrowings, which went up to 4.5% (2022: 3.1%), mainly due to rising HIBOR rates. Net finance costs charged to the income statement (after interest capitalized) increased by HK\$545 million to HK\$1,760 million.

Interest cover for the period was 3.8 times (2022: 6 times), measured by the ratio of operating profit to total net interest expenses including those capitalized.

The average effective interest rate of the Group's borrowings for the six months ended 31 December 2023 is analyzed as follows:

	Six months ended 31 December	
	2023	2022
Fixed rate	2.7%	2.8%
Floating rate	5.3%	3.2%
Weighted average interest rate	4.5%	3.1%

Debt Maturity Profile and Composition

As at 31 December 2023, the Group's gross borrowings totalled HK\$135,717 million, of which 78% were raised through its wholly-owned finance subsidiaries and the remaining 22% through operating subsidiaries.

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

	At 31 December 2023		At 30 June 2023	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Repayable:				
Within one year	20,290	15%	7,508	6%
After one year but within two years	14,596	11%	31,999	26%
After two years but within five years	75,033	55%	57,595	46%
After five years	25,798	19%	27,951	22%
Total bank and other borrowings	135,717	100%	125,053	100%
Bank deposits and cash	7,931		15,280	
Net debt	127,786		109,773	

The Group's debt maturity profile was well-staggered with around 74% of the borrowings repayable after two years. The weighted average duration of the entire debt portfolio was approximately 3.4 years as at 31 December 2023.

Financial Review

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

(i) By currency (after currency swap)

	At 31 December 2023		At 30 June 2023	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Hong Kong dollar	113,114	83%	105,861	85%
RMB	20,948	16%	17,565	14%
British pound	1,655	1%	1,627	1%
Total borrowings	135,717	100%	125,053	100%

When financing operations outside Hong Kong, the Group will borrow on the same currency as the underlying assets or when feasible, hedge through cross currency swaps for exchange risk exposure. At 31 December 2023, about 16% of the Group's total borrowings were denominated in RMB to act as natural hedges of net investments in the Mainland.

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

	At 31 December 2023		At 30 June 2023	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Fixed	39,301	29%	37,197	30%
Floating				
– Hong Kong dollar	78,583	58%	71,031	57%
– RMB	16,178	12%	15,198	12%
– British pound	1,655	1%	1,627	1%
Total borrowings	135,717	100%	125,053	100%

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

Financial Resources

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

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

Financial Review

Foreign Exchange Rate Risk Management

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

The Group is exposed to currency translation risk arising from translating the financial statements of subsidiaries and joint ventures operating in the Mainland. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in Mainland. Land acquisition costs for the Mainland projects are principally financed by capital injection funded by the Group's equity and internally generated funds. On-going business operations in the Mainland are financed through internal resources and borrowings in RMB as natural hedges to minimize the Group's exposure to exchange rate risk. As at 31 December 2023, approximately 19% of the Group's net assets were denominated in RMB. Compared with 30 June 2023, RMB appreciated against Hong Kong dollar by 2%. The translation of these RMB assets into Hong Kong dollar at the exchange rate as of 31 December 2023 resulted in a translation gain of approximately HK\$2.1 billion (2022: loss of HK\$4.2 billion), which was recognized in the exchange reserve.

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

Derivative Instruments

As at 31 December 2023, the Group has entered into certain interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts in the aggregate notional amount of HK\$17,659 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for hedging the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

Bank Deposits and Cash

As at 31 December 2023, the Group's bank deposits and cash amounted to HK\$7,931 million, of which 51% were denominated in Hong Kong dollar, 33% in RMB, and the remaining 16% mostly in US dollar. The RMB deposits were mostly held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

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

CHARGES OF ASSETS

As at 31 December 2023, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$48 million were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$4,803 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK\$1,967 million (30 June 2023: HK\$2,072 million).

Other Information

DIRECTORS

The list of Directors of the Company is set out on page 2 of this report. The particulars of the Directors and their changes are set out as follows:

Kwok Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 70)

Mr. Kwok has been Chairman of the Company since December 2011. Prior to the appointment as Chairman of the Company, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also the Managing Director and a member of the Executive Committee of the Company as well as a director of certain subsidiaries of the Company. He has been with the Group for 45 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from Hong Kong Metropolitan University and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. Mr. Kwok is the chairman and an executive director of SUNeVision Holdings Ltd. He is also the chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong.

Mr. Kwok is a son of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is the father of Messrs. Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward. He is also an uncle of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK\$320,000 for being the Chairman of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$3.65 million, including fees of HK\$60,000 and HK\$180,000 for being the chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited respectively.

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS (BS), JP
Deputy Managing Director (Age: 68)

Mr. Wong has been a Deputy Managing Director of the Company since July 2012. He joined the Group in 1981 and has been an Executive Director of the Company since January 1996. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master's degree in International Real Estate. He is a fellow of The Hong Kong Institute of Surveyors and a registered professional surveyor. Mr. Wong is a director of The Real Estate Developers Association of Hong Kong. He is also an Adjunct Professor of both The University of Hong Kong (Department of Real Estate and Construction) and The Hong Kong Polytechnic University (Department of Building and Real Estate). He is currently responsible for planning and development, and project management matters of the Group's development projects.

For the year ended 30 June 2023, Mr. Wong is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$29.15 million.

Other Information

Lui Ting, Victor

BBA

Deputy Managing Director (Age: 69)

Mr. Lui has been an Executive Director and a Deputy Managing Director of the Company since April and July 2012 respectively. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. He joined the Group in 1977 and is currently responsible for the sales and marketing of a number of large residential developments as well as acquisition and disposal of non-core property investment projects of the Group. He holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong.

For the year ended 30 June 2023, Mr. Lui is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$29.45 million.

Yip Dicky Peter

MBA, BBS, MBE, JP

Independent Non-Executive Director (Age: 77)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of both the Audit and Risk Management Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) in Hong Kong in 1965 with working experiences in London, China and San Francisco. From January 2003 to April 2005, Mr. Yip was appointed chief executive China business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank on the mainland. Mr. Yip became a general manager of HSBC in April 2005 until his retirement from HSBC in June 2012. He was an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. and DBS Bank in Hong Kong and on the mainland, the founding chairman of Ping An OneConnect Bank (Hong Kong) Limited, and an independent director of S.F. Holding Co., Ltd. Mr. Yip was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015.

Mr. Yip is an elected associated member of the Chartered Institute of Bankers, London. He was educated in Hong Kong with an MBA from The University of Hong Kong. Mr. Yip received the Ten Outstanding Young Persons of Hong Kong in 1984 for his contributions to the banking industry and the community in Hong Kong. Mr. Yip was awarded the MBE by the British Government in 1984. In 1999, he was appointed Unofficial Justice of the Peace in Hong Kong. In 2000, he was awarded the Bronze Bauhinia Star by the Hong Kong Special Administrative Region Government. He also served two terms since June 2008 as a member of Shanghai Committee of the Chinese People’s Political Consultative Conference.

Mr. Yip is active in community and youth activities in Hong Kong and is a member of a number of service organizations such as Hong Kong Committee for United Nations Children Fund, the 8th National Council of Red Cross Society of China, Hong Kong Housing Society and Hong Kong Air Cadet Corps.

For the year ended 30 June 2023, Mr. Yip is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$280,000 for being a member of the Audit and Risk Management Committee of the Company and HK\$60,000 for being a member of the Nomination Committee of the Company.

Other Information

Professor Wong Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 71)

Professor Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee, and a member of the Audit and Risk Management Committee of the Company. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He is Professor of Economics at The University of Hong Kong. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000.

Professor Wong serves as an independent non-executive director of Great Eagle Holdings Limited and Pacific Century Premium Developments Limited.

For the year ended 30 June 2023, Professor Wong is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK\$70,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Dr. Li Ka-cheung, Eric

LLD, DSocSc., HonDSocSc (EdUHK), B.A., GBS, OBE, JP

Independent Non-Executive Director (Age: 70)

Dr. Li was appointed as a Non-Executive Director of the Company in May 2005. He is currently an Independent Non-Executive Director, the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee of the Company. He is also an independent non-executive director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the honorary chairman of Shinewing (HK) CPA Limited. He is also an independent non-executive director of Transport International Holdings Limited, Wong's International Holdings Limited and China Resources Beer (Holdings) Company Limited. Dr. Li was an independent non-executive director of Hang Seng Bank Limited.

Dr. Li was a member of the 10th to 13th National Committee of the Chinese People's Political Consultative Conference. He was also a former member of the Legislative Council of Hong Kong, the chairman of its Public Accounts Committee, a past president of the Hong Kong Institute of Certified Public Accountants and a former convenor-cum-member of the Financial Reporting Review Panel.

For the year ended 30 June 2023, Dr. Li is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$320,000 for being the Chairman of the Audit and Risk Management Committee of the Company and HK\$60,000 for being a member of the Remuneration Committee of the Company. He is also entitled to receive other emoluments in the total sum of HK\$288,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Other Information

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 75)

Dr. Fung has been an Independent Non-Executive Director of the Company since February 2010. He graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science and Technology, by The Hong Kong Polytechnic University and by Hong Kong Baptist University and degree of Doctor of Letters, *honoris causa*, by Wawasan Open University of Malaysia.

Dr. Fung is the chairman and a non-executive director of Convenience Retail Asia Limited, which is within the Fung Group. He is also an independent non-executive director of VTech Holdings Limited and The Hongkong and Shanghai Hotels, Limited. Formerly, he was the group non-executive chairman of Li & Fung Limited until October 2020.

Dr. Fung has held key positions in major trade associations. He is the past chairman of the Hong Kong General Chamber of Commerce (1994–1996), the Hong Kong Exporters' Association (1989–1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993–2002). He was a Hong Kong Special Administrative Region delegate to the Chinese People's Political Consultative Conference (1998–2003). He has been awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008.

For the year ended 30 June 2023, Dr. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Dr. Leung Nai-pang, Norman

LLD, GBS, JP

Independent Non-Executive Director (Age: 83)

Dr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He is also a member of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee of the Company. Dr. Leung is the chairman and an independent non-executive director of Transport International Holdings Limited.

Dr. Leung has been active in public service for 40 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, chairman of the Broadcasting Authority from 1997 to 2002, council chairman of City University of Hong Kong from 1997 to 2003, Pro-Chancellor of City University of Hong Kong from 2005 to 2016, and council chairman of The Chinese University of Hong Kong from 2016 to 2022.

For the year ended 30 June 2023, Dr. Leung is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK\$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Other Information

Leung Ko May-yee, Margaret

SBS, JP

Independent Non-Executive Director (Age: 71)

Mrs. Leung has been an Independent Non-Executive Director of the Company since March 2013. She holds a Bachelor's degree in Economics, Accounting and Business Administration from The University of Hong Kong. She was the vice-chairman and the chief executive of Hang Seng Bank Limited, the chairman of Hang Seng Bank (China) Limited, a director of various subsidiaries of Hang Seng Bank Limited, a director of The Hongkong and Shanghai Banking Corporation Limited and the Group General Manager of HSBC Holdings plc prior to her retirement from the HSBC group in June 2012.

Mrs. Leung is currently an independent non-executive director of First Pacific Company Limited, Agricultural Bank of China Limited and China Mobile Limited. In addition, she was an independent non-executive director of Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Corporation, QBE Insurance Group Limited, Hong Kong Exchanges and Clearing Limited and Li & Fung Limited as well as the deputy chairman, managing director and chief executive of Chong Hing Bank Limited.

Mrs. Leung is a non-official member of the Executive Council, the chairman of the Advisory Committee on Arts Development of the Culture, Sports and Tourism Bureau, and a member of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, the Public Service Commission and the Culture Commission all of the Government of the Hong Kong Special Administrative Region. She is also a non-ex officio member of The Law Reform Commission of Hong Kong, an Honorary Steward of The Hong Kong Jockey Club, and a council member, the treasurer and the chairman of the finance committee and a member of the human resources policy committee of The University of Hong Kong. Mrs. Leung was the chairman of the board of governors of Hang Seng Management College and Hang Seng School of Commerce, a court member of the Hong Kong Baptist University, and a member of the advisory board and the chairman of the investment committee of the Hong Kong Export Credit Insurance Corporation from 2005 to 2010. She was also a member of the Greater Pearl River Delta Business Council, the advisory committee of the Securities and Futures Commission, the Banking Review Tribunal, and the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region, the chairman of the executive committee of The Community Chest of Hong Kong, and a member of the board of directors and the finance committee of the Hospital Authority.

For the year ended 30 June 2023, Mrs. Leung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Fan Hung-ling, Henry

SBS, JP

Independent Non-Executive Director (Age: 75)

Mr. Fan has been an Independent Non-Executive Director of the Company since March 2018. He graduated from The University of Hong Kong with an honours degree in Economics and Business Management and also holds a Bachelor of Laws degree from the University of Beijing. He is a Barrister-at-Law in Hong Kong, and in England and Wales as well as an Attorney-at-Law in the State of California, U.S.A.

Mr. Fan has over 30 years of experience in business management. He was a director and then managing director of CITIC Pacific Limited (now known as CITIC Limited) from 1990 and 1992 respectively to 2009. In addition, Mr. Fan was a deputy chairman of Cathay Pacific Airways Limited from 1997 to 2009 and an independent non-executive director of Hong Kong Exchanges and Clearing Limited from 2003 to 2009. He is currently an independent non-executive director of HKR International Limited. Mr. Fan is also the managing director of Hong Kong Glory Limited, a family investment company.

Other Information

Mr. Fan has a long record of public service in Hong Kong. He is the chairman of the Hospital Authority as well as a member of the board of directors of the West Kowloon Cultural District Authority and the Chairman of the board of directors of West Kowloon Cultural District Foundation Limited. Mr. Fan was a non-official member of the Executive Council of the Hong Kong Special Administrative Region, a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development, the chairman of the Mandatory Provident Fund Schemes Authority and a non-executive director of the Securities and Futures Commission.

For the year ended 30 June 2023, Mr. Fan is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Kwan Cheuk-yin, William

LLB

Non-Executive Director (Age: 89)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of both the Nomination Committee and the Remuneration Committee of the Company. Mr. Kwan was the managing partner of Woo Kwan Lee & Lo, Solicitors and had over 61 years of experience in legal practice. He retired as such on 31 March 2021 and thereafter he was appointed a consultant of the firm. He is a former director and advisor and currently a voting member of the Tung Wah Group of Hospitals. He is a vice president of Scout Association of Hong Kong, a vice chairman of the Hong Kong Scout Foundation Management Committee, a member of Hong Kong Scout Foundation Investment Team, a vice chairman of the Scout Performing Arts Committee, a chairman of Air Activities Committee, an adviser of Air Activities Development Fund Committee, a chairman of Scout Association of Hong Kong Leadership Training Institute Foundation Management Committee, a member of Programme Committee of Scout Association of Hong Kong and a vice chairman of World Scout Foundation Baden-Powell Fellowship Hong Kong Chapter. Mr. Kwan is a past member of the Stamp Advisory Committee and was a committee member of the Hong Kong Philatelic Society up to 31 March 2021 and thereafter was appointed honorary life president of the Hong Kong Philatelic Society. He is an honorary member of the Federation of Inter-Asia Philately (FIAP), president of FIAP Grand Prix Club, formerly vice president of FIAP and winner of two Grand Prix International at FIP Exhibitions. He is also a president of the Hong Kong Branch of the King's College London Association, a permanent advisor of Wah Yan (Hong Kong) Past Students Association and a chairman of Wah Yan Dramatic Society. Mr. Kwan is a committee member and legal advisor of South China Athletic Association and former vice manager of its Football Section as well as manager of its Ten Pin Bowling Section and an honorary legal advisor of the Hong Kong Society for Reproductive Society.

Mr. Kwan was commissioner general and vice chairman of the Organizing Committees of the Hong Kong 1994, 1997, 2001 and 2004 International Stamp Exhibitions and was commissioner general and chairman of the Organizing Committees of the Hong Kong 2009 and 2015 International Stamp Exhibitions. He served on the Hong Kong Golf Club General Committee on several occasions in various capacities. He graduated from King's College, London University and is a fellow of King's College London, the Institute of Arbitrators and the Royal Philatelic Society, London.

For the year ended 30 June 2023, Mr. Kwan is entitled to receive fees of HK\$300,000 for being a Director of the Company, and HK\$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Other Information

Kwok Kai-chun, Geoffrey

BA

Non-Executive Director (Age: 38)

Mr. Kwok has been a Non-Executive Director of the Company since December 2018. He holds a Bachelor of Arts degree in Economics from Yale University. Mr. Kwok joined the Group in May 2008 and has participated in managing the hotels and serviced apartments of the Group in Hong Kong and on the mainland. He is a director of a subsidiary in the hotel division of the Group. Prior to joining the Group, he worked in an international investment bank. He is also a director of Empire Group Holdings Limited.

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Kwok Kai-fai, Adam

MBA, BSc, SBS

Executive Director (Age: 40)

Mr. Kwok has been an Executive Director of the Company since December 2014. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Kwok holds a Bachelor of Science degree in Management Science and Engineering from Stanford University and a Master's degree in Business Administration from Harvard Business School. He worked in an international investment bank prior to joining the Group in November 2008, and has substantial experience in corporate finance. He is currently responsible for the planning, development and management of residential and commercial projects of the Group in Hong Kong and on the mainland. Since April 2013, he has taken up the overall responsibilities for the property business in Southern China. Mr. Kwok is also an independent non-executive director of The Bank of East Asia (China) Limited.

Mr. Kwok is a member of the 14th National Committee of the Chinese People's Political Consultative Conference and a standing committee member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference. He is also a vice-president of The Real Estate Developers Association of Hong Kong, a member of the Economic Advancement Expert Group of the Chief Executive's Policy Unit of the Government of the Hong Kong Special Administrative Region, a member of the Major Sports Events Committee, a member of the International Advisory Council of the Faculty of Business and Economics of The University of Hong Kong, an advisor of Our Hong Kong Foundation and a president of Hong Kong United Youth Association. In addition, Mr. Kwok is a founder and executive chairman of Hong Kong Guangdong Youth Association, a standing committee member of All-China Youth Federation and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation. He was awarded the Silver Bauhinia Star in 2022 by the Government of the Hong Kong Special Administrative Region.

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$9.54 million.

Other Information

Kwok Kai-wang, Christopher

MBA, BSc, JP

Executive Director (Age: 37)

Mr. Kwok has been an Executive Director of the Company since April 2016. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Kwok holds a Bachelor of Science Degree in Chemistry from Harvard University and a Master's degree in Business Administration from Stanford Graduate School of Business. He joined the Group in 2011 and is primarily responsible for the leasing of residential, retail and commercial properties of the Group in Hong Kong and on the mainland. Besides, he assumes the overall responsibilities for the property business of the Group in Northern China. Mr. Kwok also assists the Chairman of the Company in all other non-property businesses of the Group in which he is a non-executive director of SUNeVision Holdings Ltd. Mr. Kwok is also a non-executive director of Transport International Holdings Limited.

In addition, Mr. Kwok is a member of the General Committee of the Employers' Federation of Hong Kong, and a governor of Our Hong Kong Foundation Limited and a member of its Development Committee. He is also a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation.

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey, and the younger brother of Mr. Kwok Ho-lai, Edward.

For the year ended 30 June 2023, Mr. Kwok is entitled to receive a fee of HK\$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$8.92 million, including a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd.

Tung Chi-ho, Eric

BA(AS)Hons, BArch, HKIA, Registered Architect, Authorised Person (List of Architects)

Executive Director (Age: 64)

Mr. Tung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Tung holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from The University of Hong Kong. He is a member of The Hong Kong Institute of Architects and a Registered Architect. Mr. Tung joined the Group in 1987 and has progressed through the ranks with increasing project management, sales and marketing responsibilities for a number of signature projects of the Group in Hong Kong and Singapore and on the mainland. He is also an executive director of SUNeVision Holdings Ltd.

For the year ended 30 June 2023, Mr. Tung is entitled to receive a fee of HK\$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$23.30 million, including a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd.

Other Information

Fung Yuk-lun, Allen

BA, Ph.D.

Executive Director (Age: 55)

Mr. Fung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company, the chief executive officer of the Group's non-property related portfolio investments, and a director of certain subsidiaries of the Company. Mr. Fung obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. He was a recipient of a Guggenheim Fellowship in 1996. Mr. Fung was a Teaching Fellow at Harvard University in 1993–1994 and a visiting Assistant Professor of History at Brown University in 1996–1997. Mr. Fung is a vice chairman and an executive director of SUNeVision Holdings Ltd. as well as a deputy chairman and an executive director of SmarTone Telecommunications Holdings Limited. He is also a non-executive director of Transport International Holdings Limited.

Mr. Fung joined McKinsey & Company ("McKinsey"), a global management consulting company, in 1997. He primarily served clients on the mainland and in Hong Kong, and also served institutions in Europe and Southeast Asia. Mr. Fung was the co-leader of the infrastructure practice for McKinsey. He was the managing partner of McKinsey Hong Kong from 2004 to 2010. In 2011, he became a director of McKinsey globally, being the first Hong Kong Chinese to become a director in McKinsey's history. He was also the head of recruiting for the Asia region in McKinsey.

Mr. Fung is a member of the General Committee of the Hong Kong General Chamber of Commerce, the vice president of The Hong Kong Federation of Youth Groups, and has been elected a professor of practice of The Hong Kong Management Association. He is also a board member of the Hong Kong Tourism Board, the vice-chairman of the board of the Hong Kong Philharmonic Society Limited, and a member of the Museum Advisory Committee of the Leisure and Cultural Services Department of the Government of the Hong Kong Special Administrative Region.

For the year ended 30 June 2023, Mr. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$23.00 million, including fees of HK\$52,500 and HK\$162,000 for being a vice chairman and a director of SUNeVision Holdings Ltd. as well as a deputy chairman and a director of SmarTone Telecommunications Holdings Limited respectively.

Lau Tak-yeung, Albert

MRICS, MHKIS

Executive Director (Age: 59)

Mr. Lau has been an Executive Director of the Company since August 2022. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Lau graduated from the University of Reading, United Kingdom with a Bachelor of Science degree in Land Management. He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. Before joining the Group, Mr. Lau has a successful career track record of more than 27 years in two reputable international real estate consultancy firms, during most of which he was responsible for their mainland business.

Mr. Lau joined the Group in 2017 and has been stationed in Shanghai since then. Apart from being responsible for business development and government relations work on the mainland, Mr. Lau has also taken up the overall leadership of the Group's property business in Eastern China, Beijing and Chengdu, both for the existing projects and the new projects under planning and review.

Mr. Lau is entitled to receive a fee of approximately HK\$256,000 for being a Director of the Company and other emoluments of approximately HK\$16.73 million for the period from 23 August 2022 (being the date of his appointment as a Director) to 30 June 2023.

Other Information

Fung Sau-yim, Maureen

BSc(Hons) Est. Mgt., MHousMan (Distinction), MBA, FHKIS, FRICS, RPS (GP), CIREA, FISCM
Executive Director (Age: 61)

Ms. Fung has been an Executive Director of the Company since August 2022. She is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Ms. Fung holds a Bachelor of Science degree in Estate Management from the University of Reading, United Kingdom, an MBA degree from the Northeast Louisiana University, United States and a Master's degree of Housing Management with distinction from The University of Hong Kong. She was elected as distinguished alumni of the Centre of Urban Studies and Urban Planning of The University of Hong Kong (1980–2010). She is a fellow member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors, a registered professional surveyor and a China Real Estate Appraiser. She is also the founding chairman of the Institute of Shopping Centre Management in Hong Kong.

Ms. Fung joined the Group in 1991 and has progressed through the ranks. She is responsible for strategic planning, development and management of various key shopping malls of the Group in Hong Kong, Shanghai, Nanjing, Beijing and Hangzhou.

Ms. Fung is a board member of Ocean Park Corporation as well as a member of the Aviation Development and Three-runway System Advisory Committee. She is also a member of the Tourism Strategy Group under the Tourism Commission and the Advisory Committee on Arts Development both of the Culture, Sports and Tourism Bureau. Ms. Fung was granted Hong Kong ten outstanding woman volunteer award by Radio Television Hong Kong and Hong Kong Young Women's Christian Association, the Secretary of Home Affairs' Certificate of Commendation and the Chief Executive's Commendation for Community Service.

Ms. Fung is entitled to receive a fee of approximately HK\$256,000 for being a Director of the Company and other emoluments of approximately HK\$20.08 million for the period from 23 August 2022 (being the date of her appointment as a Director) to 30 June 2023.

Chan Hong-ki, Robert

BSc(BS), MHKIS, MRICS, RPS(BS), AP(Surveyor)
Executive Director (Age: 59)

Mr. Chan has been an Executive Director of the Company since August 2022. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Chan graduated from The Hong Kong Polytechnic University and holds a Bachelor's degree from the University of Greenwich. He is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors and a registered professional surveyor. He is also an Authorised Person under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong).

Mr. Chan joined the Group in 1993 and has progressed through the ranks. He is a project director for various key residential, commercial, industrial and mixed developments of the Group in Hong Kong, Hangzhou and Guangzhou, and is also responsible for design aspects including architectural, structural, electrical and mechanical, landscape and interior design of various development projects of the Group. In addition, he has been involved in conducting feasibility studies on most of the new tender sites. He is also a non-executive director of SUNeVision Holdings Ltd. and a director of BEAM Society Limited.

Mr. Chan is entitled to receive a fee of approximately HK\$256,000 for being a Director of the Company and other emoluments of approximately HK\$16.51 million for the period from 23 August 2022 (being the date of his appointment as a Director) to 30 June 2023. He is also entitled to receive a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd. for the year ended 30 June 2023.

Other Information

Kwok Ho-lai, Edward

EMBA, BA

Alternate Director to Kwok Ping-luen, Raymond (Age: 43)

Mr. Kwok has been an Alternate Director to Mr. Kwok Ping-luen, Raymond since July 2012. He is also a director of certain subsidiaries of the Company. He holds a Bachelor of Arts degree from Yale University and a Postgraduate Diploma in Professional Accountancy from The Chinese University of Hong Kong. He has also obtained an Executive MBA degree from the Kellogg School of Management and the HKUST Business School in December 2017. His professional qualifications include being a fellow member of the Hong Kong Institute of Certified Public Accountants since September 2020 and being a fellow member of The Institute of Chartered Accountants in England and Wales since February 2020. In addition, Mr. Kwok has been an alternate director to Mr. Kwok Ping-luen, Raymond at Wing Tai Properties Limited since April 2015.

Mr. Kwok has joined the Group since January 2010 and is now a sales and project manager, responsible for feasibility study, marketing and planning of new residential projects of the Group in Hong Kong. Before joining the Group, Mr. Kwok worked in a major international audit firm.

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey, and the elder brother of Mr. Kwok Kai-wang, Christopher.

All the Directors and Alternate Directors of the Company have not entered into any service contract with the Company. In accordance with the articles of association of the Company, Directors are subject to retirement by rotation and shall be eligible for re-election at the annual general meetings of the Company, and the appointment of Alternate Directors will cease if their appointors cease to be Directors of the Company.

The Directors' fees are proposed by the Board of Directors and approved by the shareholders of the Company at the annual general meeting and their other emoluments are subject to review by the Board of Directors from time to time pursuant to the power given to it under the articles of association of the Company with reference to their contributions in terms of time, effort and accomplishments. Alternate Directors shall not be entitled to receive from the Company any remuneration in respect of their appointment as Alternate Directors except only such part (if any) of the remuneration otherwise payable to their appointors as such appointors may by notice in writing to the Company from time to time direct.

SENIOR MANAGEMENT

The Executive Directors of the Company are also members of the senior management of the Group.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	Number of shares held				Sub-total	Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 31.12.2023
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-luen, Raymond	188,743	1,580,000 ¹	–	562,111,186 ^{2&7}	563,879,929	–	563,879,929	19.46
Wong Chik-wing, Mike	497,695	–	–	–	497,695	–	497,695	0.02
Lui Ting, Victor	160,000	–	–	–	160,000	–	160,000	0.01
Wong Yue-chim, Richard	5,000	1,000 ¹	–	–	6,000	–	6,000	0.00
Li Ka-cheung, Eric	–	4,028 ¹	–	–	4,028	–	4,028	0.00
Fung Kwok-lun, William	220,000	9,739 ¹	–	–	229,739	–	229,739	0.01
Leung Nai-pang, Norman	20,000	10,833 ¹	–	–	30,833	–	30,833	0.00
Leung Ko May-yee, Margaret	15,372	–	–	–	15,372	–	15,372	0.00
Kwok Kai-chun, Geoffrey	–	–	–	682,903,872 ^{4,5,7&8}	682,903,872	–	682,903,872	23.57
Kwok Kai-fai, Adam	–	–	32,000 ³	690,977,747 ^{6,7&8}	691,009,747	–	691,009,747	23.85
Kwok Kai-wang, Christopher	110,000 ⁹	60,000 ¹	–	689,064,601 ^{2,7&8}	689,234,601	–	689,234,601	23.78
Chan Hong-ki, Robert	100,000	–	–	–	100,000	–	100,000	0.00
Kwok Ho-lai, Edward	32,000	–	–	689,064,601 ^{2,7&8}	689,096,601	–	689,096,601	23.78
(Alternate Director to Kwok Ping-luen, Raymond)								

Notes:

- These shares in the Company were held by the spouse of the Director concerned.
- Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 562,111,186 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
- These shares in the Company were held by a corporation wholly-owned and controlled by Mr. Kwok Kai-fai, Adam.

Other Information

4. Mr. Kwok Kai-chun, Geoffrey was deemed to be interested in 211,173,896 shares in the Company by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO.
5. Mr. Kwok Kai-chun, Geoffrey was also deemed to be interested in 344,776,561 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
6. Mr. Kwok Kai-fai, Adam was deemed to be interested in 564,024,332 shares in the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
7. Of the said 562,111,186 shares, 344,776,561 shares and 564,024,332 shares in the Company as stated in Notes 2, 5 and 6 above respectively, Messrs. Kwok Ping-uen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 113,593,723 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
8. Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 126,953,415 shares in the Company by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-uen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
9. These shares in the Company were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.

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

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

Name of Directors	Number of shares held			Sub-total	Number of underlying shares held under equity derivatives ¹	Total	% of issued voting shares as at 31.12.2023
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-uen, Raymond	-	-	3,485,000 ^{2&3}	3,485,000	-	3,485,000	0.15
Wong Chik-wing, Mike	218,000	-	-	218,000	-	218,000	0.01
Lui Ting, Victor	356	-	-	356	-	356	0.00
Leung Nai-pang, Norman	341,000	142 ⁴	-	341,142	-	341,142	0.01
Leung Ko May-yee, Margaret	1,000	2,000 ⁴	-	3,000	-	3,000	0.00
Kwok Kai-chun, Geoffrey	-	-	11,927,658 ^{2&5}	11,927,658	-	11,927,658	0.51
Kwok Kai-fai, Adam	-	-	11,927,658 ^{2&5}	11,927,658	-	11,927,658	0.51
Kwok Kai-wang, Christopher	-	-	13,272,658 ^{2,3&5}	13,272,658	-	13,272,658	0.57
Fung Yuk-lun, Allen	4,000,000	-	-	4,000,000	8,000,000	12,000,000	0.51
Kwok Ho-lai, Edward	-	-	13,272,658 ^{2,3&5}	13,272,658	-	13,272,658	0.57
<i>(Alternate Director to Kwok Ping-uen, Raymond)</i>							

Other Information

Notes:

1. These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SUNeVision under its share option scheme. Details of these share options and their movements during the six months ended 31 December 2023 were as follows:

Name of Director	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2023	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	Balance as at 31.12.2023
Fung Yuk-lun, Allen	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	-	-	-	4,000,000
	04.05.2022	6.532	04.05.2023 to 03.05.2027	4,000,000	-	-	-	4,000,000

The above share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.

2. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 2,140,000 shares in SUNeVision by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
3. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were also deemed to be interested in 1,345,000 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
4. These shares in SUNeVision were held by the spouse of the Director concerned.
5. Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 9,787,658 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.

Other Information

(b) SmarTone Telecommunications Holdings Limited (“SmarTone”)

Name of Directors	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 31.12.2023
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	–	5,162,337 ¹	5,162,337	–	5,162,337	0.47
Kwok Kai-chun, Geoffrey	–	6,849,161 ²	6,849,161	–	6,849,161	0.62
Kwok Kai-fai, Adam	–	6,849,161 ²	6,849,161	–	6,849,161	0.62
Kwok Kai-wang, Christopher	–	12,011,498 ^{1&2}	12,011,498	–	12,011,498	1.09
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Ho-lai, Edward <i>(Alternate Director to Kwok Ping-luen, Raymond)</i>	–	12,011,498 ^{1&2}	12,011,498	–	12,011,498	1.09

Notes:

- Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 5,162,337 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
- Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 6,849,161 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.

Other Information

(c) Transport International Holdings Limited (“Transport International”)

Name of Directors	Number of shares held		Number of underlying shares held under equity derivatives ¹	Total	% of issued voting shares as at 31.12.2023
	Personal interests (held as beneficial owner)	Sub-total			
Kwok Ping-luen, Raymond	592,173 ²	592,173	830,000	1,422,173	0.29
Lui Ting, Victor	300,000	300,000	–	300,000	0.06
Li Ka-cheung, Eric	17,600	17,600	830,000	847,600	0.17
Leung Nai-pang, Norman	610,803	610,803	920,000	1,530,803	0.31
Fung Yuk-lun, Allen	–	–	830,000	830,000	0.17

Notes:

- These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by Transport International under its share option scheme. Details of these share options and their movements during the six months ended 31 December 2023 were as follows:

Name of Directors	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2023	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	Balance as at 31.12.2023
Kwok Ping-luen, Raymond	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	430,000	–	–	–	430,000
Li Ka-cheung, Eric	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	430,000	–	–	–	430,000
Leung Nai-pang, Norman	19.11.2020	15.32	19.11.2021 to 18.11.2025	450,000	–	–	–	450,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	470,000	–	–	–	470,000
Fung Yuk-lun, Allen	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	430,000	–	–	–	430,000

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

- Of these shares in Transport International, 587,475 shares were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.

Other Information

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

Name of associated corporations	Actual shares held through corporation	Actual % of interests in issued voting shares as at 31.12.2023
Hung Carom Company Limited	25 ¹	25.00
Tinyau Company Limited	1 ¹	50.00
Open Step Limited	8 ¹	80.00
Vivid Synergy Limited	963,536,900 ¹	20.00

Note:

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

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company follows the Model Code in Appendix C3 to the Listing Rules as the code of conduct for the Directors of the Company in their dealings in the securities of the Company. In response to specific enquiry made by the Company, all the Directors have confirmed that they have complied with the Model Code during the six months ended 31 December 2023.

SHARE OPTION AND SHARE AWARD SCHEMES

The Company had no share option scheme or share award scheme during the six months ended 31 December 2023.

Both SUNeVision and SmarTone (being subsidiaries of the Company) operate share option schemes in order to provide incentives to their participants to make more contributions to their respective groups. Participants of their respective share option schemes may be granted rights to subscribe for their respective new shares at pre-determined exercise prices during the exercise periods.

In addition, in order to provide incentives to the participants to make more contributions to the SmarTone group, SmarTone has adopted a share award scheme under which shares of SmarTone will be acquired by a trustee at the cost of SmarTone and be held in trust for selected employees of the SmarTone group until the end of each vesting period. The shares will be transferred to the selected employees upon vesting. The selected employees are not required to pay any purchase price for the transfer of the vested shares. No new shares of SmarTone will be issued under the share award scheme.

Other Information

A Director of the Company holds share options granted by SUNeVision under its share option scheme. Details of these share options and their movements during the six months ended 31 December 2023 are set out in the section headed "Directors' and Chief Executives' Interests" above.

Neither SUNeVision nor SmarTone is a principal subsidiary of the Company within the meaning of Chapter 17 of the Listing Rules and the Company is not subject to the obligations thereunder insofar as the share schemes (including share option schemes and/or share award schemes) of SUNeVision and SmarTone are concerned.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2023, substantial shareholders of the Company and other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

	Number of shares held			Total	% of issued voting shares as at 31.12.2023
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
(i) Substantial shareholders					
HSBC Trustee (C.I.) Limited	–	–	1,026,391,008 ^{1,2,3&4}	1,026,391,008	35.42
Kwong Siu-hing	25,024	–	807,142,237 ^{1&4}	807,167,261	27.85
Adolfa Limited ("Adolfa")	231,182,838	113,593,723	–	344,776,561 ^{4&5}	11.90
Bertana Limited ("Bertana")	231,182,838	113,593,723	–	344,776,561 ^{4&6}	11.90
Cyric Limited ("Cyric")	231,182,838	113,593,723	–	344,776,561 ^{4&7}	11.90
(ii) Other persons					
Credit Suisse Trust Limited	–	–	217,334,625 ⁸	217,334,625	7.50
Highvern Cayman Limited ⁹ (formerly known as "Genesis Trust & Corporate Services Ltd.")	–	–	211,173,896 ¹⁰	211,173,896	7.29
Kwok Kai-ho, Jonathan	–	–	211,173,896 ¹⁰	211,173,896	7.29
Thriving Talent Limited	195,542,095 ²	–	–	195,542,095	6.75
Thriving Talent Holdings Limited	–	195,542,095 ²	–	195,542,095	6.75
Rosy Result Limited	189,909,095 ⁸	–	–	189,909,095	6.55
Asporto Limited	187,357,707 ¹⁰	–	–	187,357,707	6.47

Notes:

1. Madam Kwong Siu-hing was deemed to be interested in 807,142,237 shares in the Company by virtue of her being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares formed part of the shares in the Company in which HSBC Trustee (C.I.) Limited was deemed to be interested by virtue of it being the trustee of certain discretionary trusts and were therefore duplicated between these two substantial shareholders.

Other Information

2. *In addition to the deemed interests as stated in Note 1 above, HSBC Trustee (C.I.) Limited was deemed to be interested in 219,247,771 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 195,542,095 shares represented the same interests held by Thriving Talent Limited (which was a wholly-owned subsidiary of Thriving Talent Holdings Limited) and were therefore duplicated amongst them.*

The 219,247,771 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.

3. *HSBC Trustee (C.I.) Limited was also deemed to be interested in 1,000 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.*
4. *Of the respective shares in the Company held by Adolfa, Bertana and Cyric, 113,593,723 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of the entire issued share capital. These 113,593,723 shares represented the same interests and were therefore duplicated amongst these companies. Further, the respective shares held by Adolfa, Bertana and Cyric formed part of the shares in the Company in which each of Madam Kwong Siu-hing and HSBC Trustee (C.I.) Limited was deemed to be interested.*
5. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*
6. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*
7. *These shares were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.*
8. *Credit Suisse Trust Limited was deemed to be interested in 217,334,625 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 189,909,095 shares represented the same interests held by Rosy Result Limited and were therefore duplicated between them.*

The 217,334,625 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

9. *Genesis Trust & Corporate Services Ltd. has changed its name to Highvern Cayman Limited with effect from 9 January 2023.*
10. *Highvern Cayman Limited was deemed to be interested in 211,173,896 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO. These shares represented the same interests in which Mr. Kwok Kai-ho, Jonathan was deemed to be interested by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO and were therefore duplicated between them. Of these shares, 187,357,707 shares represented the same interests held by Asporto Limited and were therefore duplicated amongst them.*

The 211,173,896 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

Save as disclosed above, as at 31 December 2023, there were no other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

Other Information

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2023, the Group employed more than 40,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2023 amounted to approximately HK\$7,135 million. Compensation for the Group is made with reference to the market as well as individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. Share option and share award schemes have also been adopted by certain subsidiaries of the Company to provide appropriate long-term incentive to the key staff of the Group.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy also applies to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are also in place for the Executive Directors.

INTERIM DIVIDEND

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK\$0.95 per share (2022: HK\$1.25 per share) for the six months ended 31 December 2023 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Thursday, 14 March 2024. The interim dividend will be payable in cash on Wednesday, 20 March 2024. Shares of the Company will be traded ex-dividend as from Tuesday, 12 March 2024.

CLOSURE OF REGISTER OF MEMBERS

The record date for ascertaining Shareholders' entitlement to the interim dividend will be Thursday, 14 March 2024, during which the register of members of the Company will be closed and no transfer of shares will be registered. In order to establish entitlements to the interim dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 13 March 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2023.

Other Information

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2023 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out on page 18 of this report. The interim results have also been reviewed by the Audit and Risk Management Committee of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2023, the Company has complied with the code provisions (the “Code Provisions”) of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except that there is no separation of the roles of chairman and chief executive as required under Code Provision C.2.1. However, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are two Non-Executive Directors and seven Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

By order of the Board
Yung Sheung-tat, Sandy
Company Secretary

Hong Kong, 28 February 2024

