Sun Hung Kai Properties Limited

50 Anniversary
Building Homes with Heart

Customer Focus
Premium Brand
Solid Foundations

ANNUAL REPORT 2021/22

Stock Code: 16

1. Shanghai IFC in Lujiazui, Shanghai
2. The Arch in West Kowloon, Hong Kong
3. ITC in Xujiahui, Shanghai
4. Sun Hung Kai Centre in Wanchai, Hong Kong
5. The Cullinan in West Kowloon, Hong Kong
6. ICC in West Kowloon, Hong Kong
7. Two IFC in Central, Hong Kong
8. High Speed Rail West Kowloon Terminus Development, Hong Kong

Contents

Board of Directors and Committees

Board of Directors

Executive Directors

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

Non-Executive Directors

Kwan Cheuk-yin, William
Kwok Kai-chun, Geoffrey

Independent Non-Executive Directors

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

Committees

Executive Committee

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

Audit and Risk Management Committee

Li Ka-cheung, Eric*
Yip Dicky Peter
Leung Nai-pang, Norman
Wong Yue-chim, Richard

Remuneration Committee

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

Nomination Committee

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

* *Committee Chairman*

Corporate Information and Information for Shareholders

Corporate Information

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Registered Office

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

Share Registrar

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

Solicitors

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

Principal Bankers

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

Information for Shareholders

Share Listing

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

Stock Code

Stock Exchange	: 16
Bloomberg	: 16 HK Equity
Reuters	: 0016.HK
Trading Symbol for ADR	: SUHJY
CUSIP	: 86676H302

Investor Relations Contact

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

Financial Calendar for 2021/22

Interim results announcement	: 24 February 2022
Interim dividend paid	: 17 March 2022
Annual results announcement	: 8 September 2022
Closure of register of members[1]	: 31 October to 3 November 2022 (both days inclusive)
Record date[1]	: 3 November 2022
Annual general meeting	: 3 November 2022
Ex-dividend date for final dividend	: 7 November 2022
Closure of register of members and record date[2]	: 9 November 2022
Final dividend payable	: 17 November 2022

Notes:

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

Choice of Language or Means of Receipt of Corporate Communications

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

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

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

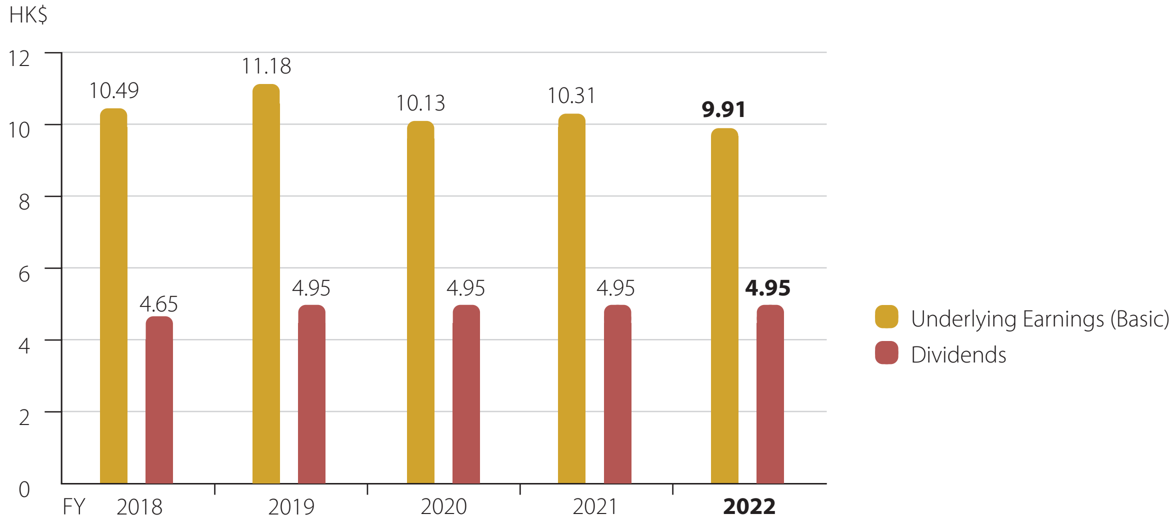
Financial Highlights and Land Bank

For the year ended 30 June	2022	2021	Change (%)
Financial Highlights (HK$ million)			
Group revenue	**77,747**	85,262	−8.8
Profit attributable to the Company's shareholders			
– Reported	**25,560**	26,686	−4.2
– Underlying[1]	**28,729**	29,873	−3.8
Gross rental income[2]	**24,810**	24,791	+0.1
Net rental income[2]	**19,250**	19,149	+0.5
Financial Ratios (%)			
Net debt to shareholders' equity	**17.4**	16.0	+1.4[4]
Dividend payout[3]	**49.9**	48.0	+1.9[4]
Financial Information per Share (HK$)			
Basic earnings per share for profit attributable to the Company's shareholders			
– Reported	**8.82**	9.21	−4.2
– Underlying	**9.91**	10.31	−3.8
Dividends			
– Interim dividend	**1.25**	1.25	–
– Final dividend	**3.70**	3.70	–
– Full-year dividend	**4.95**	4.95	–
Shareholders' equity	**207.70**	204.90	+1.4
Land Bank in Hong Kong (gross floor area in million square feet)			
Properties under development	**22.4**	23.9	−6.3
Completed properties[5]	**34.7**	34.0	+2.1
Total	**57.1**	57.9	−1.4
Land Bank on the Mainland (gross floor area in million square feet)			
Properties under development	**53.0**	59.0	−10.2
Completed properties[5]	**17.6**	16.3	+8.0
Total	**70.6**	75.3	−6.2

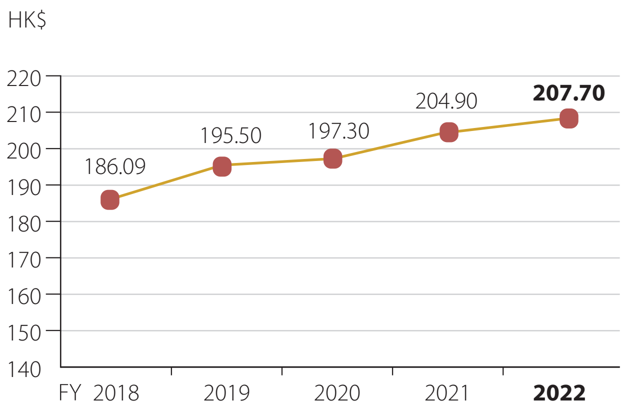
Notes:

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

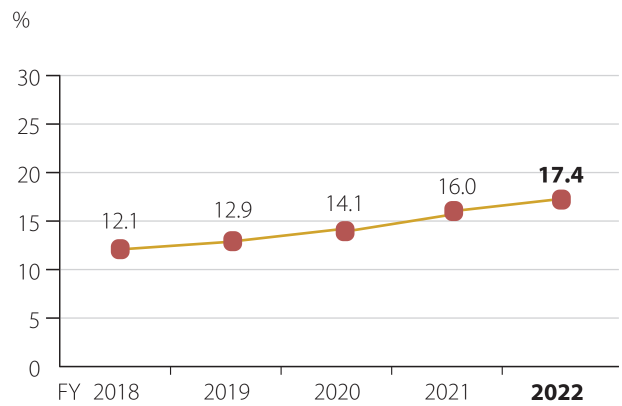
Underlying Earnings and Dividends per Share



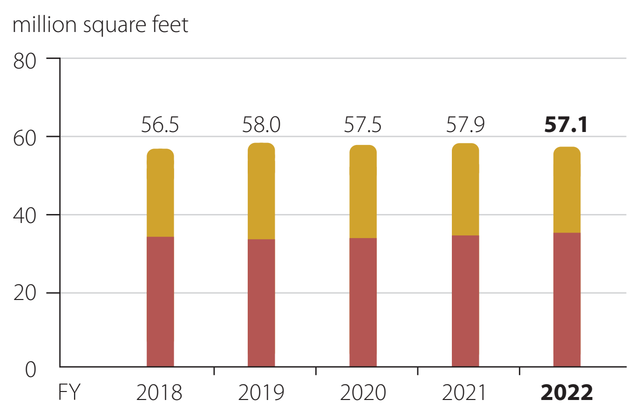
Shareholders' Equity per Share



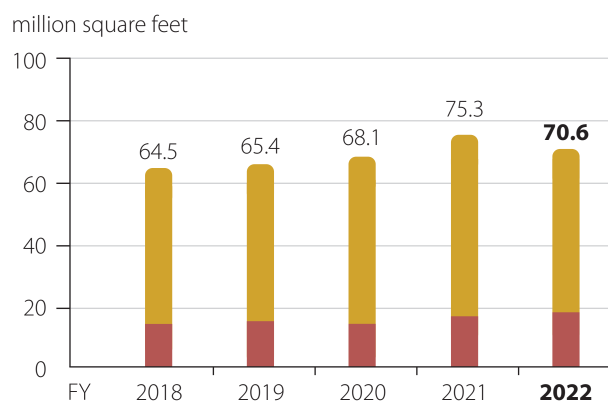
Net Debt to Shareholders' Equity Ratio



Land Bank in Hong Kong[1]



Land Bank on the Mainland



Properties Under Development   Completed Properties

1. *Completion refers to the stage in which the project is ready for handover since the financial year of 2018/19. Hence, the figures since the financial year 2018/19 cannot be used for direct comparison with historical figures*

Five-Year Financial Summary

	2022 HK$M	2021 HK$M	2020 HK$M	2019 HK$M	2018 HK$M
Consolidated Income Statement					
For the year ended 30 June					
Group revenue	**77,747**	85,262	82,653	85,302	85,644
Segment revenue (including share of joint ventures and associates)	**88,340**	97,130	93,024	97,414	96,697
Segment operating profit (including share of joint ventures and associates)	**39,010**	44,176	40,781	44,388	40,866
Underlying profit attributable to the Company's shareholders[1]	**28,729**	29,873	29,368	32,398	30,398
Net effect of change in fair value of investment properties	**(3,169)**	(3,187)	(5,847)	12,514	19,553
Profit attributable to the Company's shareholders	**25,560**	26,686	23,521	44,912	49,951
Dividends attributable to the Company's shareholders	**14,344**	14,344	14,344	13,617	12,167
Key Segment Revenue and Operating Profit (including share of joint ventures and associates)					
For the year ended 30 June					
Segment Revenue					
– Property sales	**35,403**	46,017	41,264	41,313	41,943
– Property rental	**24,810**	24,791	24,214	25,077	23,682
– Other businesses	**28,127**	26,322	27,546	31,024	31,072
	88,340	97,130	93,024	97,414	96,697
Segment operating profit					
– Property sales	**15,847**	20,994	18,377	18,697	16,261
– Property rental	**19,250**	19,149	18,565	19,678	18,647
– Other businesses	**3,913**	4,033	3,839	6,013	5,958
	39,010	44,176	40,781	44,388	40,866
Consolidated Statement of Financial Position					
As at 30 June					
Investment properties	**398,729**	395,879	380,717	386,612	369,477
Property, plant and equipment	**44,955**	42,921	40,825	35,862	34,587
Associates and joint ventures	**101,392**	101,481	78,782	73,751	71,767
Other non-current assets	**12,841**	13,305	13,845	12,522	14,531
Properties for sale	**207,136**	200,934	196,153	196,107	177,367
Bank deposits and cash	**20,323**	21,781	31,705	22,038	26,095
Assets of subsidiaries contracted for sale	**–**	–	37,584	–	–
Other current assets	**22,191**	20,118	18,220	24,270	21,662
Total assets	**807,567**	796,419	797,831	751,162	715,486
Bank and other borrowings	**(124,931)**	(116,823)	(112,606)	(95,006)	(91,434)
Other liabilities	**(75,892)**	(79,970)	(94,810)	(80,337)	(75,620)
Net assets	**606,744**	599,626	590,415	575,819	548,432
Share capital	**70,703**	70,703	70,703	70,683	70,612
Reserves	**531,243**	523,117	501,110	495,722	468,486
Shareholders' equity	**601,946**	593,820	571,813	566,405	539,098
Perpetual capital securities	**–**	–	3,813	3,813	3,887
Non-controlling interests	**4,798**	5,806	14,789	5,601	5,447
Total equity	**606,744**	599,626	590,415	575,819	548,432
Net debt	**104,608**	95,042	80,901	72,968	65,339
Key Financial Information and Ratios					
	HK$	HK$	HK$	HK$	HK$
Per share data					
Reported earnings per share (basic)	**8.82**	9.21	8.12	15.50	17.24
Underlying earnings per share (basic)	**9.91**	10.31	10.13	11.18	10.49
Dividends per share	**4.95**	4.95	4.95	4.95	4.65
Shareholders' equity per share	**207.70**	204.90	197.30	195.50	186.09
Financial ratios					
Net debt to shareholders' equity (%)	**17.4**	16.0	14.1	12.9	12.1
Interest cover (times)	**12.8**	13.8	11.8	14.6	17.6
Dividend payout (%)[2]	**49.9**	48.0	48.9	44.3	44.3

Notes:

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

Business Structure

Sun Hung Kai Properties

As at 30 June 2022

Hong Kong

Property Development	• 22.4 million sq.ft. under development with a majority for sale
Property Investment	• 34.7 million sq.ft. of completed properties with an overwhelming majority for rent / investment
Property Related Businesses	• Hotels • Property management • Construction • Insurance and mortgage services
Telecommunications & Information Technology	• Mobile telephone services • Data centres and IT infrastructure
Infrastructure & Other Businesses	• Transport infrastructure operations and management • Port business • Air transport and logistics business • YATA

Mainland

Property Development	• 53.0 million sq.ft. under development and over 40% are residences for sale
Property Investment	• 17.6 million sq.ft. of completed properties with an overwhelming majority for rent /investment

The Group's principal subsidiaries, joint ventures and associates are listed from page 232 to page 240

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the year ended 30 June 2022, excluding the effect of fair-value changes on investment properties, amounted to HK$28,729 million, compared to HK$29,873 million last year. Underlying earnings per share were HK$9.91, compared to HK$10.31 last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK$25,560 million and HK$8.82 respectively, compared to HK$26,686 million and HK$9.21 last year. The reported profit included a decrease in fair value of investment properties net of deferred taxation and non-controlling interests of HK$2,902 million, compared to a decrease of HK$3,105 million last year.

DIVIDEND

The directors have recommended the payment of a final dividend of HK$3.70 per share for the year ended 30 June 2022. The dividend will be payable on 17 November 2022. Together with the interim dividend of HK$1.25 per share, the dividend for the full year will be HK$4.95 per share, the same as last year.

BUSINESS REVIEW

Development Profit and Rental Income

Development Profit

During the year under review, profit generated from property sales amounted to HK$15,847 million, as compared to HK$20,994 million in the last financial year. In view of the impact of the pandemic on sales progress, the Group recorded contracted sales in attributable terms of about HK$33,500 million during the year. Since July 2022, contracted sales of over HK$12,000 million in attributable terms have been recorded, mainly contributed by those from NOVO LAND Phases 1A and 1B in Tuen Mun.

Rental Income

During the year, the Group's gross rental income, including contributions from joint-ventures and associates, amounted to HK$24,810 million, similar to last financial year, and net rental income rose by 1% year-on-year to HK$19,250 million. This is in spite of the impacts of the pandemic.

Property Business – Hong Kong

Land Bank

During the year, the Group added a combined gross floor area of about 1.1 million square feet to its land bank through two lease modifications. In October 2021, the Group completed a

Wetland Seasons Bay, Hong Kong

lease modification for the large-scale residential project in Shap Sz Heung, which is in proximity to MTR Wu Kai Sha Station and increased its gross floor area by about one million square feet to a total of around 5.8 million square feet. The amendment has allowed the Group to build additional residential units in the development to meet the city's housing demands while adding more comprehensive facilities to this brand-new green cross-generational living community. In March 2022, the Group completed the land use conversion and paid the premium for a site near Fairview Park in Yuen Long. The site comprises a residential gross floor area of about 139,000 square feet. Further approval is being sought for the revision of development parameters.

As at 30 June 2022, the Group's attributable land bank in Hong Kong amounted to about 57.1 million square feet. This comprised about 22.4 million square feet of properties under development, which should be adequate to support the Group's development needs over the next five years. The remaining portions included diversified completed properties of around 34.7 million square feet spreading across the territory, an overwhelming majority of which are for rental and long-term investment purposes. The Group will continue to replenish its land bank through various channels when opportunities arise, including active conversions of agricultural lands into buildable sites.

Prince Central, Ho Man Tin, Hong Kong

Property Development

The primary residential market in Hong Kong was disrupted by the fifth wave of the COVID pandemic in the first few months of 2022. With the easing of social distancing measures, the launch of new projects has become more active since late April. Despite headwinds, including the US interest rate hikes, local home prices have remained relatively resilient on the back of solid end-user demand.

The Group's contracted sales in Hong Kong amounted to about HK$29,600 million in attributable terms during the year. Major contributors included Wetland Seasons Bay Phases 1 and 2 near Hong Kong Wetland Park, The YOHO Hub in Yuen Long, Silicon Hill Phase 1 in Tai Po, and St Michel Phases 1 and 2 in Sha Tin. Apart from newly launched projects, the Group continued to launch remaining units in completed properties, including Cullinan West III in West Kowloon, which were well received by the market. Units at NOVO LAND Phases 1A and 1B in Tuen Mun were put on the market in July and August 2022 respectively, receiving strong interest from homebuyers. Over 1,500 units have been sold with sales proceeds exceeding HK$9,400 million.

The Group is dedicated not only to providing quality products and services to customers, but also to introducing innovative development concepts into its properties to meet homebuyers' rising demands for quality living. Through the SHKP Club, the Group moves with the times by keeping abreast of customers' needs, trends and market intelligence. Together with a human-centric design approach and thorough planning, the Group aims to develop its residential projects, particularly large-scale developments, into comfortable, green and sustainable communities for cross-generational living, work, and enjoyment. The Group's future developments, which aim at incorporating elements of health and wellness as well as popular community facilities, will cater to the needs of both the young and old generations. NOVO LAND will be the latest showcase of such development concepts, from planning and design through to execution. The Group also continues to integrate smart technology into its residential developments to bring additional convenience and comfort to residents, not to mention offering homebuyers a wide range of flat sizes with practical layouts, quality materials and exquisite workmanship.

Chairman's Statement

St Michel, Sha Tin, Hong Kong

During the year under review, a total of eight projects in Hong Kong with about 2.6 million square feet of attributable gross floor area were completed for handover, of which about 2.5 million square feet were residential developments. The remainder was retail space retained for rental purpose. Project details are shown in the table below.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Wetland Seasons Bay Phase 1/ Wetland Seasons Bay Phase 2	1 Wetland Park Road, Tin Shui Wai	Residential	100	915,000
Wetland Seasons Park Phase 2/ Wetland Seasons Park Phase 3	9 Wetland Park Road, Tin Shui Wai	Residential	100	597,000
Regency Bay/Regency Bay II	23 Hoi Wong Road, Tuen Mun	Residential/Shops	100	307,000
St Michel Phase 1	33 To Shek Street, Sha Tin	Residential	100	260,000
Victoria Harbour II	133 Java Road, North Point	Residential	100	258,000
PARK YOHO Bologna	18 Castle Peak Road, Tam Mi, Yuen Long	Residential/Shops	100	139,000
Central Peak II	18 Stubbs Road, Mid-Levels East	Residential	100	59,000
Prince Central	195 Prince Edward Road West, Ho Man Tin	Residential	100	45,000
Total				**2,580,000**

Property Investment

During the year, the gross rental income of the Group's well-diversified property investment portfolio, inclusive of contributions from joint ventures and associates, decreased 3% year-on-year to HK$17,551 million, while the overall occupancy remained satisfactory. This is despite negative impacts of the COVID-19 Omicron variant on the Group's property investment business.

Consumer sentiment in Hong Kong was negatively affected by increased COVID-19 infections from late January to March 2022. The performance of the Group's retail portfolio has been on a recovery trajectory since April amid gradual relaxation of social distancing measures. Consumer confidence has rebounded with a further reduction of quarantine requirements for inbound travellers recently. Leasing enquiries have been increasing with more existing tenants looking for lease renewals with longer lease terms. During the year, the retail portfolio recorded a healthy overall average occupancy of about 95% with relatively resilient rental income.

Tenant sales of the Group's shopping malls have seen rebounds since the second quarter of 2022. Overall footfall has resumed to the pre-fifth-wave level. Following the commissioning of MTR East Rail Line Cross-Harbour Extension in May 2022, the Group's various malls along the rail line such as MOKO, New Town Plaza, HomeSquare, Uptown Plaza, Landmark North and Metropolis Plaza have served larger catchment areas and registered additional footfall. To seize business opportunities, particularly those arising from the new rounds of Consumption Voucher Scheme, the Group has worked closely with tenants and business partners to roll out extensive promotional and marketing campaigns to boost footfall and tenant sales. The Group also leveraged its online platform and loyalty programme for its malls, The Point, the largest of its kind in Hong Kong with a membership of nearly two million. This integrated loyalty programme constantly optimizes the interface of its app and incorporates new functions. One of the new functions allows members to convert bonus points into Point Dollar which can be used directly as cash for purchases at over 2,000 merchants in the Group's 25 major malls. During the year, active members of the programme increased by nearly 20%.

The Group has proactively launched initiatives to better meet shoppers' changing needs and appetites. The trade-and-tenant mix was reshuffled, bringing in such new retailers as popular restaurants, trendy gadget stores, and young fashion brands. As preferred choices for overseas brands to open their debut stores in Hong Kong, the Group's regional malls introduced a renowned Japanese pharmacy chain and popular skincare brands, catering to locals' strong aspirations to travel. Trendy ideas were incorporated into its trade mix, such as the introduction of pet-friendly cafes. The Group continued to enliven both indoor and outdoor spaces at its shopping malls to enhance visitors' experience. Fun elements with the use of smart technology were presented to bring further delights to shoppers.

Despite challenging market conditions, the Group's office portfolio of about 10 million square feet in attributable terms was able to register an overall average occupancy of about 92% during the year, with most of its existing tenants continuing to

YOHO Mall, Yuen Long, Hong Kong

occupy the Group's office premises. In recent months, leasing enquiries have shown signs of improvement amid a relatively stable pandemic situation, following a quiet market for most of the first half of 2022.

IFC in core Central remained the preferred choice and a prestigious address for renowned corporations on the back of its prime location, superior quality, and high specifications. During the year, multinational and mainland financial institutions took up new spaces at IFC for business expansion or upgrade, while existing major tenants renewed their leases. These premium office spaces were almost fully let. Strategically located atop the Airport Express Kowloon Station and close to the High Speed Rail West Kowloon Terminus, ICC appeals to multinationals, financial institutions and other large corporates. Reasonable occupancy was recorded despite disruptions to leasing caused by cross-border restrictions with the mainland. The Group's strong commitment to Environmental, Social and Governance (ESG) has been demonstrated by its continued efforts to upgrade and enhance its existing properties for green building certifications. Both Two IFC and ICC recently attained Leadership in Energy and Environmental Design (LEED) Platinum certifications.

The Millennium City office cluster in Kowloon East maintained reasonable occupancies in spite of keen competition in the area. Sun Hung Kai Centre and Central Plaza in Wan Chai North enjoy more transport convenience following the opening of MTR Exhibition Centre Station at the East Rail Line Cross-Harbour Extension in May 2022. With their enhanced transport connectivity, the two buildings will increase their appeal to tenants.

Chairman's Statement

High Speed Rail West Kowloon Terminus Development, Hong Kong

The Group aims to attain the widely recognized LEED certifications for all its new major properties for investment. The office-cum-retail joint-venture development at 98 How Ming Street is targeted to obtain Platinum ratings for LEED, WELL and BEAM Plus. Two office towers of 650,000 square feet are scheduled for completion in late 2022. An approximately 500,000-square-foot shopping mall on the podium is expected to open in 2024. The pre-leasing of the office spaces has begun with major quality tenants already committed at satisfactory rental levels.

The mega landmark project atop the High Speed Rail West Kowloon Terminus will provide approximately 2.6 million square feet of office premises and some 600,000 square feet of retail space. The Group will hold the entire retail portion and about 1.2 million square feet of office floor area for long-term investment purpose, while the remaining office space will be held by two strategic long-term investors. Designed to attain Platinum certifications for LEED, WELL and BEAM Plus, the integrated development will feature green and wellness elements, including an outdoor viewing deck, a part of the 1.5-kilometre-long West Kowloon Parkway and other amenities spreading over some 100,000 square feet of open space. Its excellent transport connectivity to different districts in Hong Kong and major mainland cities via railways will be one of its competitive edges. This mega development together with the adjacent ICC complex and West Kowloon Cultural District will form a superlative business hub for the Greater Bay Area. Superstructure work has commenced.

The YOHO Mall extension, comprising 107,000 square feet of retail space next to MTR Yuen Long Station, is scheduled for opening by the first quarter of 2024. The mega YOHO Mall will then be further expanded to about 1.1 million square feet with a wider range of trade and eatery offerings, strengthening its status as the largest shopping mall in northwest New Territories. Close to MTR Tin Shui Wai Station, the integrated project in Kiu Tau Wai will offer an approximately 490,000-square-foot shopping mall and quality office space of about 366,000 square feet to fulfil the needs of people in the district.

Property Business – Mainland

Land Bank

As at 30 June 2022, the Group held a total attributable land bank of 70.6 million square feet on the mainland. About 53.0 million square feet were properties under development, of which over 40% will be developed into quality residences for sale. An overwhelming majority of the remaining 17.6 million square feet were completed properties in key cities held for rental and long-term investment purposes. The Group adheres to its selective and focused approach to exploring investment opportunities in major cities on the mainland.

Property Development

During the year under review, the mainland residential markets met with headwinds amid softened demand and intermittent disruptions to sales activities due to COVID-19. Transaction volumes of primary residential markets in major cities showed signs of recovery since May 2022 on the back of positive government measures to bolster the economy and property market, including easing mortgage financing.

The Group's contracted sales on the mainland were affected by general market conditions. During the year, attributable contracted sales amounted to about RMB3,300 million, mainly contributed by several joint-venture projects such as TODTOWN in Shanghai, Taihu International City in Wuxi, Oriental Bund in Foshan, Chengdu ICC and Jovo Town in Chengdu. Subsequent to the end of the financial year, the Group received positive sales response for a joint-venture project, namely the first batch of residential units at Hangzhou IFC.

During the year, the Group completed an attributable gross floor area of about 2.8 million square feet on the mainland, of which about 80% were quality units for sale and the rest, including Chengdu ICD — the mall in Chengdu ICC, are properties for rental and long-term investment purpose. Projects completed during the year are shown in the following table.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Jovo Town Phase 3A	Tianfu New Area, Chengdu	Residential/Shops	91	1,274,000
Oriental Bund Phases 3B, 4A & 4B	Chancheng, Foshan	Residential/Shops/Office	50	759,000
Chengdu ICD	Jinjiang, Chengdu	Shopping mall/Shops	40	549,000
Lake Genève Phase 2A	Yuanqu, Suzhou	Residential	90	245,000
Total				**2,827,000**

Property Investment

The Group's gross rental income derived from the mainland, including contributions from joint-venture and associate projects, rose by 4% year-on-year to RMB5,428 million during the year under review. The gross rental income on the mainland showed healthy growth in the first half of the financial year, but the performance in the second half was impacted by the very stringent anti-pandemic measures in Shanghai.

The Group's three million square feet of premium malls in Shanghai delivered encouraging performance in the first half of the year under review. Shanghai IFC Mall always tops the shoppers' list with its impressive collection of brands and exclusive products. IAPM and One ITC have also been trendsetters in Puxi, inspiring young shoppers with art-deco themes. Tenant sales and traffic at these shopping malls, however, were negatively affected by citywide traffic-control restrictions for most of the second quarter of 2022. With the gradual recovery of residents' daily lives and business operations in Shanghai since early June, the Group has proactively assisted both retail and office tenants to restore their operations. Footfall at the Group's malls has already shown improvement. Tenant sales, in particular luxury items, have witnessed a rebound. In addition, the Group has collaborated with tenants to drive sales.

Chairman's Statement

Shanghai IFC Mall, Shanghai

The Group's premium shopping malls in other top-tier cities, including Beijing APM, IGC and Parc Central in Guangzhou, registered high occupancies despite intermittent outbreaks of the pandemic on the mainland during the first half of 2022. A ban on dine-in in certain districts for a short period of time weighed on traffic flow. Nevertheless, retail performance is expected to improve, especially with the government's pro-growth initiatives.

Against challenging office leasing conditions, occupancies of grade-A offices at the Group's Shanghai IFC and Shanghai ICC within respective integrated complexes remained healthy during the year. Apart from their strategic locations adjacent to metro stations, both premises had strong appeal to quality tenants due to their premium building quality, LEED Platinum certifications and professional property management services. The Group demonstrated its caring and dedicated services to office tenants through the provision of daily necessities and service support for those who needed to stay in for 24 hours to carry out essential business operations during the period under strict anti-pandemic measures.

The Group's portfolio of property investment on the mainland will further expand with the gradual completion of integrated projects under development in major cities. To be opened in phases from early 2023 onwards, the one-million-square-foot Nanjing IFC Mall has a western garden theme and will house top-notch international luxury brands as well as Michelin-starred and Dianping Black Pearl restaurants which are newcomers to the city. Good pre-leasing responses have been received. This mall will be complemented by two premium office towers and the Andaz Nanjing hotel within the complex. The office towers were already completed by 2020, and the five-star hotel will be opened in 2023, in phases.

The remaining parts of ITC in Shanghai, covering 6.7 million square feet of gross floor area, will include two grade-A office towers, a 2.5-million-square-foot mega mall and the Andaz Shanghai ITC hotel. Its construction work has resumed in an orderly manner. The 220-metre-tall office tower was completed in mid 2022 and has been handed over to tenants. Building specification of this office tower is in line with international standards, and several floors of the building even come with exceptionally high ceilings. These features will have a wide appeal to major corporates, financial firms with trading floors, and companies that need to hold frequent large-scale conferences. In anticipation of receiving both LEED and WELL Platinum certifications, the building is expected to bring more value to tenants. Leasing negotiations with multinational companies have restarted. The 370-metre-tall skyscraper, another grade-A office tower, is expected to be completed in late 2024. The mega mall at ITC is set to be popular for its wide variety of renowned brands and leisure facilities, offering unprecedented experiences to shoppers. ITC in Shanghai will distinguish itself from other projects through its environmentally friendly construction and design, and is expected to bring a new face to the Xuhui District.

The 220-metre-tall office tower at ITC, Shanghai

In Hangzhou, the joint-venture Hangzhou IFC integrated project, to be completed in phases, comprises about nine million square feet of above-ground area with premium offices, a shopping mall, residential units and hotels. The first batch of its residential units were sold out on debut in July 2022, and the sale proceeds will help fund the future construction cost of the development. Upon its full completion, this mega project will become a green and smart community for culture, travel, living, work and shopping in the CBD of the city. Located adjacent to the Guangzhou South Railway Station, the Guangzhou South Station ICC development has a total gross floor area of about 9.3 million square feet, consisting of premium offices, a shopping mall, a hotel and residential premises. Over 50% of the floor area can be offered for sale. Foundation work for the first phase of this mega TOD project is under way with the first batch of residential units planned to be put on the market starting from late 2022. With the rapid development growth in the Greater Bay Area, the project will synergize with the Group's High Speed Rail West Kowloon Terminus Development in Hong Kong, and further strengthen the Group's presence in the Area.

Other Businesses

Hotels

The Group's hotel business in Hong Kong showed signs of improvement during the year under review despite inevitable impacts resulting from a surge in COVID-19 infections during the first few months of 2022. Both occupancies and room rates improved following the management team's efforts to refine the business model of the Group's hotels to fulfil new demands, including extended-stay customers, quarantine requirements for inbound travellers and other essential needs arising from the pandemic.

The management team continues to take initiatives not only on improvements in operational efficiency but also on strategies to enhance marketing and sales channels. Launched in April 2022, the Go Royal by SHKP loyalty programme covers the Group's five Royal brand hotels and their 20 restaurants and partners with The Point, drawing additional customers and encouraging their spending.

During the year, the performance of The Ritz-Carlton Shanghai, Pudong was significantly affected by the pandemic, particularly when Shanghai imposed a citywide lockdown in April and May 2022. Due to the pandemic, the Andaz Nanjing at Nanjing IFC and Four Seasons Hotel Suzhou have been rescheduled to open in phases in 2023. The Group will continue to develop premium hotels within its integrated developments in major cities on the mainland.

Telecommunications and Information Technology

SmarTone

During the year, SmarTone's core profitability improved, but the mobile market continued to be challenging. While some uptake in travel was recorded, roaming revenues remained at a low level compared with the pre-pandemic period. The rising spectrum amortization costs also increased pressure on profitability. Amid a difficult environment, the company focused its strategy on revenue growth, productivity enhancement, and a strong discipline on costs. Satisfactory progress was made in the upgrading of the company's customers to 5G users, reflecting a willingness to pay for better quality. The company's 5G Home Broadband service also showed encouraging growth, especially for housing estates where internet speed was low and rates were high.

As a leading mobile operator in Hong Kong, SmarTone is committed to delivering a world-class 5G experience. Over the past year, 14 influential media portals rated SmarTone's 5G quality as the best in Hong Kong. The company's 5G network provides territory-wide coverage and is particularly strong along MTR lines and stations. In response to customer needs, the company has also extended its coverage to major hiking trails and country parks. The Group remains confident of SmarTone's prospects and will continue to hold its stake in the company as a long-term investment. The Group will also leverage SmarTone as its telecommunication technology arm for the adoption of technology to improve customer experience.

SmarTone delivers premium and attentive service to customers

SUNeVision

During the year under review, SUNeVision's business continued to grow healthily, driven largely by the demand from both existing and new customers. The digitalization process for businesses has accelerated, resulting in a sustainable increase in demand for data centre capacity.

Moving forward, SUNeVision is entering into a new chapter of growth with the launch of three new data centres. MEGA Fanling, the company's eighth data centre, began operations in June 2022 with a major anchor tenant already in operation. MEGA Gateway, a greenfield project in Tsuen Wan, is in its final phase of testing and will become operational shortly. MEGA IDC, SUNeVision's flagship greenfield project in Tseung Kwan O, is built on a site dedicated for data centre development with superior infrastructure and power capacity. Phase 1 of MEGA IDC is scheduled to open in the first half of 2023. These new data centre facilities have received strong response from customers. Upon completion of these projects, the total gross floor area of the company's data centres in Hong Kong will grow from the current 1.5 million square feet to almost three million square feet. The company's power capacity will increase from the current 80MW to over 280MW. In addition, SUNeVision recently won a tender for a site at Chung Hom Kok to develop its second landing station for international submarine cables. This is expected to help boost the company's connectivity business.

SUNeVision welcomes the recent Court of Appeal judgement which held that the Hong Kong Science and Technology Parks Corporation misconstrued the Occupation Restriction under its own Lease Restriction Policy and it also breached its duty when handling complaints from SUNeVision. The company believes the ruling is positive for the long-term development of Hong Kong's innovation sector, and will serve to stem illegal sub-letting within industrial estates.

Infrastructure and Other Businesses

During the year under review, the Group's infrastructure and transport businesses recorded mixed performances. Solid performance was delivered by the Wilson Group despite changing social distancing restrictions. Traffic at Route 3 (CPS) was negatively impacted by the stringent anti-pandemic measures during the first quarter of 2022 and continued cross-border travel restrictions.

MEGA-i , SUNeVision's data centre in Chai Wan, Hong Kong

The Hong Kong Business Aviation Centre continued to be adversely affected by travel restrictions under the pandemic. Since the relaxation of quarantine requirements in Hong Kong in April 2022, business activities recovered moderately but the level of growth remained low. Nonetheless, the further reduction of quarantine requirements of late to the '3+4' model has stimulated a stronger pipeline of visitors planning to come to Hong Kong. The Airport Freight Forwarding Centre continued to perform well and played a critical role in supporting logistics players to deliver time-sensitive cargoes. The River Trade Terminal also saw improved business, supported by increased throughput and business from new customers. The terminal worked hard during the pandemic to ensure cargoes containing food and medical supplies received priority treatment, ensuring that Hong Kong could operate as usual.

YATA's overall business remained relatively steady during the year. It continued to introduce new products, especially from Japan, to offer customers a wider range of choices. The focus of YATA is to provide customers with a safe shopping environment and a stable supply of high-quality products at reasonable prices. Looking ahead, YATA will continue to invest in service and product quality to ensure an impressive and holistic customer experience.

Corporate Finance

As always, the Group continued its time-honoured prudent financial policies by adhering to low gearing and highly liquid position along with a balanced mix of fixed- and floating-rate borrowings. Such approach enabled the Group to weather uncertain economic headwinds and rising interest rates. As at 30 June 2022, the Group registered net debt to shareholders' funds at 17.4% and interest coverage ratio of 12.8 times. These allowed the Group to score the highest credit ratings among Hong Kong property companies. Moody's and S&P have awarded A1 and A+ ratings respectively with a stable outlook for the Group.

In November 2021, the Group arranged its maiden HK$8,650 million 4-year syndicated sustainability-linked loan (SSLL). In June 2022, it arranged another SSLL of HK$20,700 million for five years. The overwhelming response to both issues attested to the banking industry's unfailing support for the Group and its efforts in ESG policies. The Group also issued HK$1,400 million of 3-year bonds and HK$690 million of 7-year bonds during the year.

The property sector on the mainland continued to undergo a tough year amid a number of headwinds, including an increased number of credit default cases by developers. Despite this, the principle of 'houses are for living in, not for speculation' is always maintained to reduce overall systemic risks. The recently eased policies for the property sector and softened interest rate environment should be positive for developers with healthy financial position. During the year, the Group continued to receive strong support from leading banks through the provision of Renminbi financing which has a relatively long maturity profile for both the construction and operation of its mainland projects.

Sponsoring an art exhibition at Sky100 that celebrates the 25th anniversary of Hong Kong's return to the motherland

As in the past, the Group has not executed any speculative derivatives and structured product transactions. The majority of the Group's debt obligations are denominated in Hong Kong dollars and the rest are mostly in Renminbi and US dollars.

CORPORATE GOVERNANCE

The Group is determined to uphold high standards of corporate governance in order to safeguard the interests of all its stakeholders and create long-term sustainable value for them.

The Group's Board is responsible for overseeing overall strategies, including sustainable development matters. The Board has a proper mix of experience, expertise and diversity that suits the Group's strategy, governance, and businesses. Chaired by INEDs, the Group's Audit and Risk Management Committee, Nomination Committee and Remuneration Committee are all served by Non-Executive Directors, with a majority of their members being INEDs. The diverse Board composition lays a good foundation for its efficient and effective functioning. Additionally, the Board is supported by the Executive Committee and a crisis management taskforce for making decisions on key operations and handling ad hoc issues, respectively.

The Group's seasoned management team and ongoing efforts in maintaining high standards of corporate governance have continued to be widely recognized by leading financial publications over the years. The Group was named the Best Overall Developer in Hong Kong by *Euromoney*, and won seven awards in the Asia's Best Companies 2022 poll by *FinanceAsia*, including Asia's Best Real Estate Company and Hong Kong's Most Committed to High Governance Best Standards, during the year.

SUSTAINABLE DEVELOPMENT

The Group's sustainability strategy aims to create long-term value for different stakeholders; such efforts have won wide acclaim from respected organizations and the financial community. The Group has been one of the top three companies in the Hang Seng Corporate Sustainability Index for three consecutive years and a constituent member of the FTSE4Good Index Series since 2018. It maintained an A rating in the MSCI ESG Ratings assessment in 2022.

Chairman's Statement

Environment

The Group has integrated green elements into every aspect of its business operations and engaged the public in conservation programmes. According to its 10-year environmental targets since 2019/20 financial year, the Group strives to reduce greenhouse gas emissions intensity and electricity consumption intensity of its major properties for investment by 25% and 13% respectively by 2029/30.

Apart from incorporating green building concepts into the development process, the Group upgrades its existing portfolio to meet the most stringent environmental standards. ICC and Two IFC recently attained LEED Platinum certifications in recognition of their green performance. The Group also aims to obtain LEED Gold or Platinum ratings for its core commercial projects under development.

To support the HKSAR Government's goal of achieving carbon neutrality by 2050, the Group has continued to increase its use of renewable energy. Solar panels have been installed at the Group's existing buildings wherever possible. In addition, the Group's associate, Transport International Holdings Limited (TIH), has been installing solar panels on its buses and related facilities.

The Group promotes green commuting to reduce greenhouse gas emissions and improve roadside air quality. Nearly 1,000 electric vehicle (EV) chargers have been installed in premises under its management, making it one of the largest EV charging facility networks in Hong Kong. Wilson Parking has also installed more EV chargers at its managed car parks to prepare for wider EV adoption. In addition, the Group has encouraged TIH to use electric buses more extensively.

Social

The Group leverages its resources, network and expertise to give back to society. When COVID-19 infections surged in early 2022, the Group swiftly lent for free two plots of land, one in Tam Mi, Yuen Long and another in San Tin which is co-owned with a friendly peer, to the HKSAR Government for building community isolation facilities. SmarTone also proactively extended mobile coverage and completed the network build-out at these sites within weeks. This ensured that residents and working staff in the isolation facilities, irrespective of whether they are SmarTone customers, could enjoy strong connectivity for free.

Moreover, the Group offered spaces at Millennium City 5 in Kwun Tong and Landmark North in North District, both sitting next to an MTR station, as venues for community vaccination. The Group also donated rapid test kits and care packs to people in need. Lending full support to the HKSAR Government's distribution of anti-pandemic care bags, the Group helped with the last-mile distribution to ensure residents of its managed properties received the bags as soon as possible. The Group and the Kwok family donated RMB three million to the Shanghai Charity Foundation in support of Shanghai's fight against the pandemic.

To celebrate the 25th anniversary of Hong Kong's return to the motherland, the Group sponsored an art exhibition featuring original works of Qi Baishi and over 20 contemporary art masters, which are rarely exhibited outside the mainland, at the Sky100 Hong Kong Observation Deck. Celebratory videos produced by the Group were screened in its major malls, and festive messages and light decorations were featured at its iconic buildings to enhance social cohesion.

The Group-initiated transitional housing project — United Court in Tung Tau, Yuen Long — was officially opened in June 2022 as the largest project of its kind in Hong Kong and a showcase of transitional housing. The project was built on a site lent at a nominal rent by the Group, providing 1,800 units to long-awaiting applicants of public housing, addressing short-term housing needs of the underprivileged. Taking into account families moving in and out, the project will ultimately benefit about 5,000 families.

Noah's Ark Hong Kong, part of Ma Wan Park which is operated by the Group for not-for-profit purposes, has organized online courses for underprivileged students via the 'Walk with You' Student Sponsorship Campaign since the outbreak of the pandemic. The programme also initiated the donation of e-learning devices to deprived students, allowing them to continue with their studies during face-to-face class suspension. In all, the campaign has benefitted more than 5,200 students since its inception.

The Group's signature sports events, SHKP Vertical Run for Charity — Race to Hong Kong ICC and the Sun Hung Kai Properties Hong Kong Cyclothon, were cancelled amid the pandemic during the year. Efforts are underway to plan for the return of the popular sports-for-charity events. The Group encourages sports in the school community through its SHKP Cycling Academy Programme. Youth athletes are nurtured through the Group's sponsorship of the SHKP Supernova Cycling Team which saw eight athletes represent the Hong Kong Team at 2021 The National Games of China and other international races.

The large-scale transitional housing project United Court is completed and opened

The Group through the SHKP Reading Club has frequently arranged 5G STEM classes and guided tours to SmarTone's 5G LAB at Sky100 apart from its ongoing promotion of reading. In support of young entrepreneurs, the Group during the year continued to provide fully furnished offices to the Hong Kong X-Tech Startup Platform. The Group also funded a local university's scientific research on Alzheimer's disease to facilitate an early detection of the disease.

The Group treasures its talent pool and helps it staff embrace the digitalized world and hone job-related skills through the provision of technology upskilling training, which covers artificial intelligence and blockchain applications. A well-structured management trainee programme has been implemented, both in Hong Kong and on the mainland, to nurture university graduates, which has also cultivated a talent pool for the industry.

PROSPECTS

The global economic environment will remain uncertain and less visible in the near future, although negative impacts from the pandemic are receding in many parts of the world. The world will continue to be affected by supply shocks, elevated inflation, and increased geopolitical risks such as the Russia-Ukraine conflict. The tightening of monetary policies has continued to be adopted by most major central banks. These policies are likely to weigh on the global economy over the near term but should pave the way for sustainable growth in the medium term.

On the back of an increased domestic circulation and Central Government's policy stimulus both on the monetary and fiscal fronts, the mainland economy is likely to achieve reasonable growth in the coming year despite possible disruptions from COVID-19. Positive fundamentals such as continuous investments in technology and innovation, and initiatives for the achievement of a green economy will offer a promising future for the mainland. While consolidations in the property sector may continue for a while, residential markets in key cities will remain largely stable with the recent introduction of some supportive measures. All these are expected to bring a healthy development for the housing sector in the long term.

Given the strong backing of the Central Government and the unique advantages of 'One Country, Two Systems', Hong Kong has overcome numerous internal and external headwinds since its return to the motherland 25 years ago. As such, Hong Kong has been able to record remarkable achievements throughout the years. The city has not only enhanced its status as an international financial, transportation and trade centre, but is also rapidly emerging as an international centre for innovation and technology. With the distinctive advantages arising from 'One Country, Two Systems', such as the common law system, together with the city's solid fundamentals and increased opportunities from the National 14th Five-Year Plan, the Group is confident that Hong Kong will continue to succeed and scale new heights over time.

Chairman's Statement

Nevertheless, the local economy still faces various challenges in the short term, including restrictions on cross-border travel and the anticipated global economic slowdown. The latest round of the Consumer Voucher Scheme will however help underpin domestic consumption. The recent relaxation of quarantine requirement to the '3+4' model is conducive to overall economic activity and further relaxations would make a more positive impact on the local economy. Together with Central Government policy support on various fronts such as ETF Connects as well as innovation and technology, Hong Kong will be able to move forward steadfastly in the near future. The residential market is likely to remain resilient with solid end-user demand, backed by eased mortgage financing introduced in early 2022. This is notwithstanding that overall demand will be constrained by such factors as rising interest rates.

With full confidence in the future of the country, the Group will continue to invest in Hong Kong and major mainland cities by acquiring land selectively for new developments over the long term. As always, the Group continues to adhere to its strict financial discipline, particularly at a time of an uncertain global outlook and interest rate hike cycles. The Group will make efforts to strengthen its business of property development for sale with fast asset turnovers. It will continue to develop premium projects in a cost- and time-effective way, and will aim at generating continuous cash flows through the launch of new projects for sale when ready.

For the rest of the current financial year, the Group is planning to launch the second phases of various residential projects for sale in Hong Kong, including Silicon Hill in Tai Po, NOVO LAND in Tuen Mun and The YOHO Hub in Yuen Long. The last phases of PARK YOHO and Wetland Seasons Bay in Yuen Long are scheduled to be put on the market in September 2022. The Group's upcoming launches on the mainland will include new phases at Shanghai Arch in Shanghai, Guangzhou South Station ICC in Guangzhou, and joint-venture developments such as a new batch of residential units at Hangzhou IFC in Hangzhou.

Guangzhou South Station ICC, Guangzhou

The near-term operating environment for the property investment business is likely to improve gradually, both in Hong Kong and on the mainland, although lingering effects and disruptions from the pandemic may continue to cloud leasing markets. Over the next 18 months, the Group's recurrent income will be underpinned by the new additions. These will include an office-cum-retail project in Kwun Tong and the extension of YOHO Mall in Yuen Long, Hong Kong. On the mainland, the 220-metre-tall office tower at ITC in Shanghai marked its completion in mid 2022, while Andaz Nanjing and Nanjing IFC Mall in Nanjing will open in phases starting from 2023. Other than the proactive use of more marketing initiatives to draw footfall at its shopping malls, the Group will also enhance the appeal of its offices by offering more ESG-friendly specifications.

Over the medium-to-long term, the Group will move to a new level through the development of new landmark integrated projects both in Hong Kong and on the mainland. Major projects under development include the landmark High Speed Rail West Kowloon Terminus Development in Hong Kong, the remaining phase at ITC in Shanghai, Hangzhou IFC in Hangzhou and Guangzhou South Station ICC in Guangzhou. Many of these landmark projects are in line with the city's call for proactive integration into the national development, capturing opportunities from continuous growth in domestic demand in the country over time. These mega developments will also serve as new drivers for the Group's recurrent income.

The Group will continue to develop premium properties that meet the needs and aspirations of residents, tenants and shoppers, helping uplift the standards of living for people in Hong Kong and on the mainland. Focusing its best efforts on creating value for major stakeholders such as customers, shareholders and employees, the Group also serves wider community needs with a strong commitment to ESG, including reducing carbon footprint and promoting the use of renewable energy over time. With considerable experience in weathering ups and downs in the city over the past 50 years, the Group's

The ICC façade displays a welcoming message for President Xi Jinping's visit to Hong Kong and the celebratory slogan of the 25th anniversary of Hong Kong's return to the motherland

management team is well-equipped to deal with unexpected challenges. On the back of its solid fundamentals, such as a strong financial position, well-trusted brand, and time-tested business strategy, the Group is confident that it will be able to accomplish its goals and realize its vision.

The year 2022 is not only the 25th Anniversary of the HKSAR's establishment but also the 50th anniversary of the Group's public listing in Hong Kong. Having the strong support of the motherland and seeing Hong Kong as its home, the Group has adhered to its strong belief in Building Homes with Heart and made contributions to the city development of the country during the last half century. In the times ahead, the Group, as in the past, will continue to stride ahead, rain or shine, in solidarity with various sectors of the community. The Group also firmly believes that with its distinctive status and advantages, Hong Kong, as the Pearl of the Orient, will become a more charming international city than ever before.

CHANGE IN DIRECTORS

Mr. Lau Tak-yeung, Albert, Ms. Fung Sau-yim, Maureen and Mr. Chan Hong-ki, Robert were appointed as Executive Directors of the Company, effective 23 August 2022. Mr. Lau joined the Group in 2017. Apart from being responsible for the Group's business development and identifying new projects with good development potential on the mainland, he has taken up the leadership of property business in Eastern China, Beijing and Chengdu. Ms. Fung has been serving the Group since 1991 and is responsible for strategic planning, development and management of various signature shopping malls of the Group in Hong Kong and several major cities on the mainland, including Beijing and Shanghai. Mr. Chan joined the Group in 1993 and has been a project director for various key developments in Hong Kong and on the mainland. In addition to being responsible for the design aspects of projects, he has been involved in feasibility studies of new land tenders, including data centres. Their wealth of experience will continue to contribute to the Group's growth and development.

APPRECIATION

I would like to take this opportunity to express my appreciation and thank our staff for their hard work and dedication, particularly at a time when both Hong Kong and the mainland are fighting a long battle against the pandemic. Their professionalism and devotion to duty for ensuring the Group's effective operation and unwavering commitment to quality are much appreciated. 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, 8 September 2022

Business Model and Strategic Direction

Executive Committee

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

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

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

*Tung Chi-ho, Eric **

*Kwok Kai-fai, Adam **

*Kwok Kai-wang, Christopher **

*Fung Yuk-lun, Allen **

** Executive Director*

Business Model

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

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

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

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

Core Values

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

- **Building Homes with Heart**
  Producing premium premises and offering quality services for an ideal living environment; delivering sustainable value to the communities in which the Group operate

- **Speed, Quality, Efficiency**
  Earning the support and trust of all stakeholders through a commitment to speed, quality and efficiency

- **Customer First**
  Constantly anticipating what customers want and offering quality products and attentive services that exceed expectations

- **Continuous Improvement**
  Keeping up with the market and setting high standards, along with lifelong learning for greater adaptability and constant exploration of new ideas

- **Teamwork**
  Nurturing a pool of talented and high-calibre employees capable of achieving objectives through harnessing the power of teamwork, collective experience and professional knowledge

Strategic Direction

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

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

*Lau Tak-yeung, Albert **

*Fung Sau-yim, Maureen **

*Chan Hong-ki, Robert **

Yung Sheung-tat, Sandy

Li Ching-kam, Frederick

Lam Ka-keung, Henry

Balanced Sources of Income

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

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

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

Hong Kong Focus

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

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

Expansion on the Mainland

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

Prudent Financial Management

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

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

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

Review of Operations

Victoria Harbour Gateway, Hong Kong

Hong Kong Property Business

Highlights

- **Held a diverse land bank of 57.1 million square feet as at 30 June 2022**
- **Completed an approximate 2.6 million square feet of attributable gross floor area, of which about 2.5 million square feet were residential properties for sale**
- **Achieved contracted sales of about HK$29,600 million**
- **Recorded a net rental income from the Group's well-diversified quality rental portfolio of HK$13,207 million, down 3% from the previous financial year**

Land Bank

During the year, the Group replenished its development land bank through lease modifications and added an aggregate gross floor area of about 1.1 million square feet in attributable terms. Details of this are shown in the Chairman's Statement on pages 8 and 9.

As at 30 June 2022, the Group's land bank in Hong Kong totalled 57.1 million square feet of gross floor area, comprising about 22.4 million square feet of properties under development and around 34.7 million square feet of completed properties.

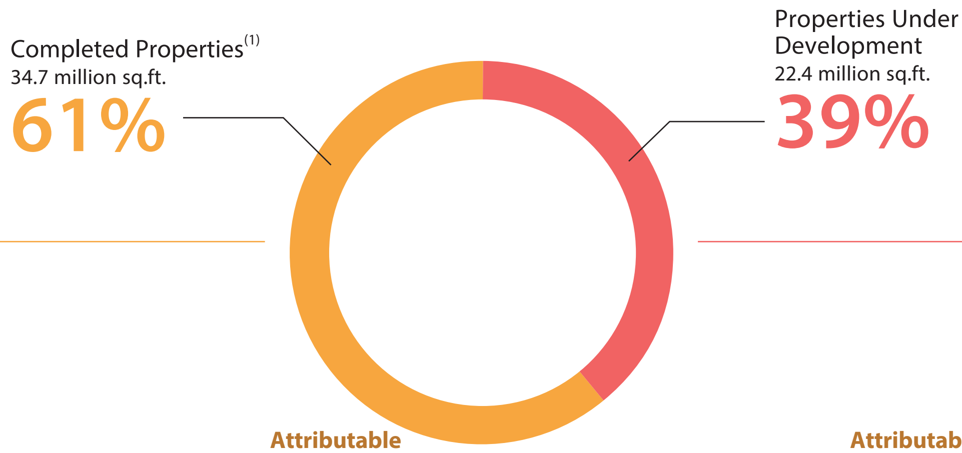
Among the sizeable portfolio of completed properties, an overwhelming majority are for rental and long-term investment purposes. The portfolio comprises about 35% of shopping malls and retail space and 30% of premium office buildings. Industrial buildings and data centres account for some 12% of the portfolio. Consisting of a wide range of choices in terms of usage, location, floor-plate size and rental level, the Group's diversified rental portfolio attracted leasing demand from a variety of tenants, particularly those looking for quality properties with premium customer services and easy transportation.

The Group holds some 22.4 million square feet of properties under development, which are sufficient to meet its development needs over the medium term. Of these, about 16.3 million square feet will be developed into various types of quality residential premises across different districts in Hong Kong. The remaining 6.1 million square feet will be mainly retained for rental and long-term investment purposes, of which about 4.3 million square feet are earmarked for premium shopping mall and grade-A office developments. Upon completion, these properties are expected to further bolster the Group's position in the leasing market.

The Group's land bank in Hong Kong as at 30 June 2022, by attributable gross floor area, was as follows:

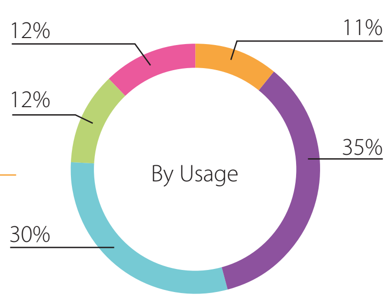
Hong Kong Land Bank Composition

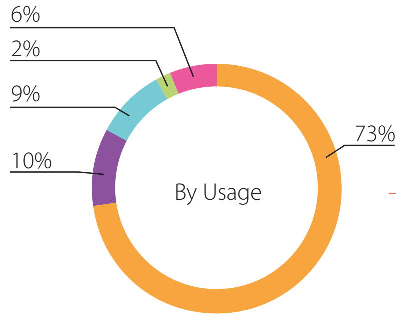
(57.1 million square feet of attributable gross floor area as at 30 June 2022)

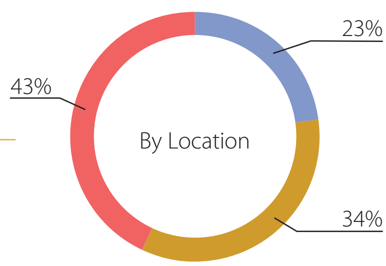


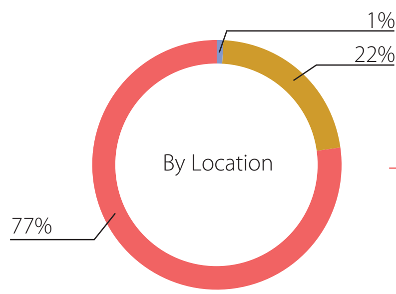
	Attributable Gross Floor Area (million sq.ft.)
Residential	3.7
Shopping Centre/Shops	12.1
Office	10.4
Hotel	4.3
Industrial[2]	4.2

	Attributable Gross Floor Area (million sq.ft.)
Residential	16.3
Shopping Centre/Shops	2.2
Office	2.1
Hotel	0.4
Industrial[2]	1.4









	Attributable Gross Floor Area (million sq.ft.)
Hong Kong Island	8.0
Kowloon	11.7
New Territories	15.0

	Attributable Gross Floor Area (million sq.ft.)
Hong Kong Island	0.2
Kowloon	4.9
New Territories	17.3

(1) An overwhelming majority are for rent/investment
(2) Including industrial/office premises, godowns and data centres

Hong Kong Property Business

Property Development

Wetland Seasons Bay bordering the Hong Kong Wetland Park

Property Development

High Speed Rail West Kowloon Terminus Development

The Group continued to replenish its development land bank in Hong Kong by adding some 1.1 million square feet of attributable gross floor area during the year, underpinning the Group's property development business. The current land bank is sufficient to support the Group to achieve a relatively high volume of annual production over the medium term.

Adhering to the spirit of Building Homes with Heart, the Group has always paid close attention to the needs and aspirations of its customers, with a strong commitment to creating long-term value through the development of green and sustainable communities for a cross-generational living and working environment as well as for leisure and enjoyment. Ranging from mass-market apartments, luxury residences and high-specification offices to trendy retail premises, the Group is dedicated to providing premium products with well thought-out designs, practical layout, fine finishes and attentive services. This enables the Group to meet the needs of residents, tenants and shoppers.

Under an increasingly challenging and competitive operating environment, the Group has taken the initiative to apply smart technology to enhance its service quality, operational efficiency, and user experience and wellness. In addition, the Group's customer-centric culture and commitment to continuous improvement have been conducive to elevating brand reputation. The Group is the first developer to offer a three-year warranty for its new Hong Kong residential units and this has helped further bolster its leading position in the industry. In its efforts to emphasize Environmental, Social and Governance (ESG) practices, the Group has introduced more sustainable elements throughout the entire property development process, aiming to achieve top-tier green certification for major buildings under development.

The Group's sales schedule for new projects has been disrupted due to COVID-19, particularly amid the fifth wave of the pandemic during the first four months of 2022. For the year under review, contracted sales of about HK$29,600 million were recorded in attributable terms for projects in Hong Kong. Major residential projects launched for sale included Wetland Seasons Bay Phases 1 and 2 near the Hong Kong Wetland Park, The YOHO Hub in Yuen Long, Silicon Hill Phase 1 in Tai Po and St Michel Phase 2 in Sha Tin.

Major Projects under Development

The Group is developing a variety of projects across Hong Kong, most of which are strategically located in new development areas or along existing and planned railway lines. Below are the descriptions of the major projects.

Kowloon

New Kowloon Inland Lot No. 6568

(100% owned)

Site area	: 178,000 square feet
Gross floor area	: 1.1 million square feet (residential) 240,000 square feet (retail)
Approximate number of units	: 1,500
Expected date of Certificate of Compliance/ Consent to Assign	: from second half of 2024, in phases

The project will provide about 1.1 million square feet of residential gross floor area and 240,000 square feet of retail space. The residential portion, comprising five residential towers, will be developed in phases with a total of approximately 1,500 high-end homes. These towers will be the tallest among all residential developments in the Kai Tak City Centre.

The residential towers will contain a variety of flat mix with practical layouts. Some units on high floor zones will overlook the stunning view of Victoria Harbour, and the remainder will face either the spacious and leisurely Kai Tak Station Square or green mountains. Twin clubhouses will be provided with a wide range of facilities to bring a relaxing and refreshing lifestyle to residents. One of them will be situated at a height of over 110 metres with a sky garden. The residential development will be complemented by a shopping centre underneath, of which there will be an underground retail street directly linked to MTR Kai Tak Station. Featuring a well-designed rooftop area, the shopping centre will house trendy shops and dining outlets to bring more convenience to residents and shoppers in the area. Construction of the superstructure is progressing smoothly.

New Kowloon Inland Lot No. 6568, Kai Tak

Following the full operation of the Tuen Ma Line and East Rail Line Cross-Harbour Extension, the development enjoys excellent transportation network. Residents are now able to travel to various business hubs in the city through its direct access to MTR Kai Tak Station. Transport connectivity with West Kowloon will be further enhanced when the Central Kowloon Route is completed in 2025. The project is expected to be a new iconic residential and retail development in Hong Kong and synergize with the Group's other luxury harbourfront residential project on the former Kai Tak runway.

New Kowloon Inland Lot No. 6551

(100% owned)

Site area	: 118,000 square feet
Gross floor area	: 625,000 square feet (residential) 24,000 square feet (retail)
Approximate number of units	: 500
Expected date of Certificate of Compliance/ Consent to Assign	: from second half of 2025, in phases

The premium development is located on the former Kai Tak runway which has recently been branded as Park Peninsula by the Group together with other stakeholders in the area. The project comprises about 625,000 square feet of residential gross floor area and some 24,000 square feet of retail space. To be developed in phases, the project will consist of nine high-rise residential towers and several low-rise blocks, housing a total of about 500 upscale residential units. Its flat sizes range from two- to four-bedroom apartments as well as spacious special units, and virtually all units will enjoy the panoramic views of both sides of Victoria Harbour. Designed by a world-renowned architectural firm, the project features a modern aesthetically curved facade in harmony with Victoria Harbour. The sufficient parking spaces will be an added appeal to residents.

Property Development

New Kowloon Inland Lot No. 6551, Kai Tak

The project is set to benefit from the planned brand-new comprehensive and diversified destination — Park Peninsula. Surrounded by 4.8 million square feet of green and leisure areas covering Metro Park, Kai Tak Sky Garden, Kai Tak Cruise Terminal Park and adjacent facilities, Park Peninsula is expected to be transformed into a dynamic and vibrant urban spot. This project will also synergize with the Group's landmark integrated project in Kai Tak City Centre and its superstructure work has begun.

98 How Ming Street, Kwun Tong
Kwun Tong Inland Lot No. 240
(70.6% effective interest [(1)])

Attributable site area	:	68,000 square feet
Attributable gross floor area	:	458,000 square feet (office) 353,000 square feet (retail)
Expected date of Certificate of Compliance/ Consent to Assign	:	from second half of 2022, in phases

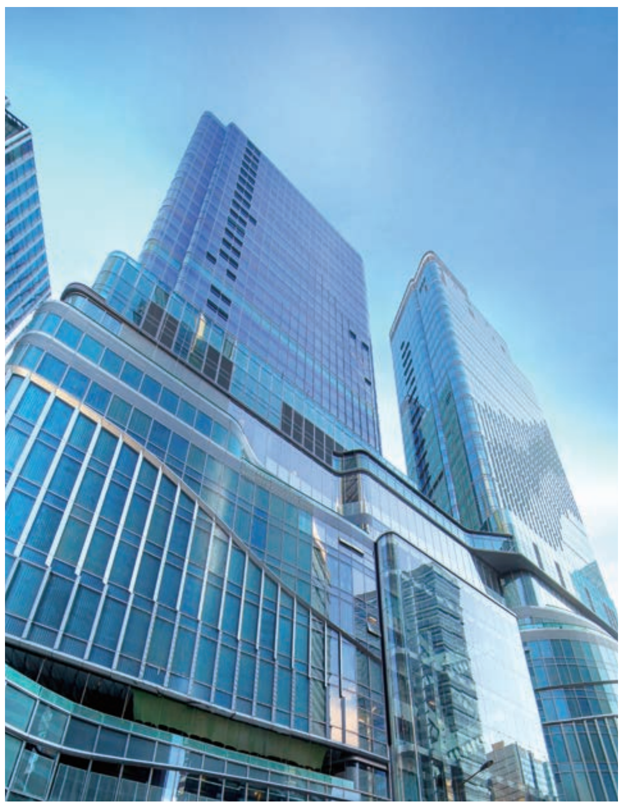
Located in Kowloon East, one of the key commercial hubs in the city, the joint-venture project will be developed into a 1.15-million-square-foot integrated commercial complex. Featuring a stylish facade design with curtain walls, the project is comprised of two 20-storey grade-A office towers with a combined gross floor area of about 650,000 square feet and a shopping mall beneath of over 500,000 square feet. The development has been topped out.

The two office towers will offer premium, large-floor-plate office space with additional touchless facilities, which will better cater to the needs and requirements of tenants. Most of the floors will have harbour views. In addition, the whole project is targeted to obtain Platinum ratings from Leadership in Energy and Environmental Design (LEED), WELL and BEAM Plus.

The one-stop shopping mall in a 10-storey podium will consist of a vast variety of retailers and restaurants. It will offer customers and nearby residents a pleasant and trendy shopping experience, increasing the vibrancy of the vicinity. Ample parking spaces will add further convenience for shoppers, tenants and visitors. For other details of this project, please refer to page 50.

Connected to the adjacent Millennium City 6 by a footbridge, the integrated complex will offer easy access to the public transport network, including MTR and many bus routes. The Group plans to enhance its covered-footbridge network in the area, allowing tenants and customers to access MTR Ngau Tau Kok Station in all weathers. Upon its full completion, the project is expected to bring synergy to the Group's property portfolio in the area.

(1) As at 30 June 2022, the Group has a 50% direct interest in this project plus about 20.6% indirect interest derived from its stakes in Transport International Holdings Limited.



98 How Ming Street, Kwun Tong

Silicon Hill, Tai Po

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

(Joint venture)

Site area	: 643,000 square feet
Attributable gross floor area	: 1.2 million square feet (office) 603,000 square feet (retail)
Expected date of Certificate of Compliance/ Consent to Assign	: after 2025, in phases

Situated atop the High Speed Rail West Kowloon Terminus, this integrated project will comprise about 2.6 million square feet of premium grade-A office and about 600,000 square feet of retail space. The Group holds the entire retail portion and some 1.2 million square feet of the office portion as long-term investment. The remainder of the office portion is held by two long-term strategic investors.

Designed to obtain Platinum ratings from LEED, WELL and BEAM Plus, this commercial landmark will come with plenty of green and wellness elements. The project will provide some 100,000 square feet of open green space, which can be used to host different social and community activities. The open space will include an outdoor viewing deck and integrate part of the 1.5-kilometre-long West Kowloon Parkway linking old and new communities.

The strategic location atop the Terminus allows the commercial landmark to enjoy extensive transport networks with easy accessibility to most areas in Hong Kong, as well as the Greater Bay Area and other major mainland cities via the high speed rail. With the continuous development in the West Kowloon district, including the opening of Hong Kong Palace Museum and the M+ museum, this integrated landmark upon completion will boost the district's status further as a unique commercial, cultural, entertainment and transportation hub in Hong Kong and the Greater Bay Area. Capitalizing on its advantageous location and premium quality, the development is expected to synergize with the Group's ICC offices and two five-star hotels nearby. Construction work of the superstructure has commenced.

New Territories East

Silicon Hill
Tai Po Town Lot No. 244

(100% owned)

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

Silicon Hill is located at Pak Shek Kok which is a trendy residential cluster with availability of restaurants and outlets for daily necessities. The project will offer approximately 1,900 units spanning 14 residential towers. Tapping the needs of different homebuyers, the project will provide quality units in various flat sizes ranging from studios to three-bedroom units. It embraces young-living concepts with thoughtful interior design and

Property Development

layout. This, together with its proximity to a renowned university and Hong Kong Science Park, will appeal to professionals in the high-tech and academic fields. The first phase of some 600 units was launched for sale in June 2022 with all units virtually sold out.

With the proposed MTR Pak Shek Kok Station, residents of the project will enjoy easy accessibility to the core business hubs on Hong Kong Island and in Kowloon via the East Rail Line. In addition, the over-200-metre-long retail street at the podium will house diversified restaurants and trendy lifestyle shops, including YATA supermarket, bringing a convenient shopping experience to residents. Superstructure of the first phase has already been topped out while construction of remaining phases is progressing smoothly.

Tai Po Town Lot No. 253
(100% owned)

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

The Group is developing a brand-new residential enclave in Shap Sz Heung. The mega project's overall design concept incorporates four key lifestyle elements, namely health and wellness, green and sustainable, smart and convenient and cross-generation living. This project will become an intergenerational living community with its low-density and green environment, wider use of smart technology, two transport interchanges, and comprehensive community facilities including kindergartens, a sports complex and other recreational facilities. The two transport interchanges will enable easy access to public transport, including bus and minibus services, particularly those connecting the project to MTR Wu Kai Sha Station. Upon its full completion, this project is expected to become another iconic housing cluster in the city.

Tai Po Town Lot No.253, Shap Sz Heung

The Group completed the lease modification related to the additional gross floor area during the year. Based on the latest development plan, the residential gross floor area has been expanded to about 5.7 million square feet, providing about 9,700 residential units and retail space of some 130,000 square feet. Superstructure work of the first phase is progressing smoothly. In addition, the Sai Sha Road widening works are scheduled to be completed in 2023. The connectivity of the project will be greatly enhanced through easy and smooth access by vehicles to MTR Wu Kai Sha Station.

Fanling Sheung Shui Town Lot No. 279
(100% owned)

Site area	: 200,000 square feet
Gross floor area	: 999,000 square feet (residential) 132,000 square feet (retail)
Approximate number of units	: 1,700
Expected date of Certificate of Compliance/ Consent to Assign	: after 2025, in phases

Adjacent to the committed MTR Kwu Tung Station, the development consists of nearly one million square feet of residential gross floor area and a shopping centre of 132,000 square feet. The project will be developed in phases to provide about 1,700 apartments with a substantial majority being small- and medium-sized units. Its shopping centre will broaden shopping and leisure choices for residents and shoppers in the area.

Within the planned Northern Metropolis, this project is set to be transformed into a focal point of the future Kwu Tung town centre, given its proximity to the MTR station and a public transport interchange under construction beneath the project. The development will be directly connected to a comprehensive intra-city and cross-border transport network. Residents of the project will enjoy convenient access to the business centre of Futian in Shenzhen, the planned Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop, and the proposed San Tin Technopole, attracting tech talent and young elites. Piling work of the development has begun.

The YOHO Hub, Yuen Long

Wetland Seasons Bay

New Territories West

The YOHO Hub
Yuen Long Town Lot No. 510
(Joint venture)

Site area	: 418,000 square feet
Gross floor area	: 1.4 million square feet (residential) 107,000 square feet (retail)
Approximate number of units	: 2,000
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2023, in phases

Sitting atop MTR Yuen Long Station, The YOHO Hub represents the finale piece of the YOHO series in Yuen Long. Providing about 2,000 quality residential units, the project consists of six high-rise residential towers and a 107,000-square-foot retail space. The first phase of some 1,000 units was launched for sale in late 2021, receiving positive response from buyers.

To enhance the connectivity of residents to existing community facilities, the project team has redesigned the relevant transport links and covered footbridges connecting to the MTR station, shopping malls and other amenities in the vicinity. Upon full completion, the large-scale residential-cum-retail cluster of the YOHO series around Yuen Long Station will become a more convenient, popular and energizing community in the area.

The second phase of the residential portion will provide over 900 units, with a range of flat mix to suit the needs of different buyers. The 107,000-square-foot retail portion will be an extension to the existing one-million-square-foot YOHO Mall. The enlarged mall will provide residents with additional shopping choices and leisure experiences. The superstructure of all residential towers has recently been topped out and the residential portion is scheduled to be handed over to buyers starting from the first half of 2023 in phases.

Wetland Seasons Bay Phase 3
Tin Shui Wai Town Lot No. 33
(100% owned)

Site area	: 813,000 square feet (entire development)
Gross floor area	: 214,000 square feet (residential) 29,000 square feet (retail)
Approximate number of units	: 380
Expected date of Certificate of Compliance/ Consent to Assign	: first half of 2023

The Wetland Seasons Bay is being developed in three phases with a total of about 2,000 units, comprising low-density residential towers, villas and houses. While almost all units of the first two phases have been sold out and handed over to homebuyers, the third phase is under development and its sales launch already started in September.

Wetland Seasons Bay is situated at the west end of the Hong Kong Wetland Park. The project is a showcase for a harmonious balance between property development and environmental conservation. It is designed to feature sustainable and healthy living, blending in well with the green and tranquil

Property Development

NOVO LAND, Tuen Mun

surroundings. Its sky clubhouse overlooks scenic seasonal views of the Hong Kong Wetland Park and features swimming pools, outdoor barbecue areas and a 24-hour gym. With two Light Rail stops in the vicinity, the development enjoys convenient access to the mass transit system.

Tin Wing Station Development
Tin Shui Wai Town Lot No. 23
(Joint venture)

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

Situated atop Light Rail Tin Wing Station, the project comprises three residential towers. Its total gross floor area amounts to some 980,000 square feet, providing a total of about 2,000 units, the majority of which will be small- to medium-sized apartments. Next to the 15-hectare Tin Shui Wai Park, the project will not only provide easy access to the mass transit rail, but also will be well connected via planned footbridges to neighbourhood facilities, including a bus terminus. The superstructure work is under way.

Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long
(100% owned)

Site area	: 107,000 square feet
Gross floor area	: 366,000 square feet (office) 490,000 square feet (retail)
Expected date of Certificate of Compliance/ Consent to Assign	: after 2025

The project is an integrated development consisting of 366,000 square feet of office space and a 490,000-square-foot shopping centre. Its strategic location adjacent to MTR Tin Shui Wai Station in Yuen Long will capitalize on opportunities arising from rapid development and a rising population in the area. Its development plan is nearly finalized and site formation will kick off in the near term. Upon completion, the project will become one of the largest commercial destinations in the neighbourhood. It will not only offer quality premises for people to work and shop but also be conducive to the development of Northern Metropolis.

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

Site area	: 482,000 square feet
Gross floor area	: 2.4 million square feet (residential) 48,000 square feet (retail)
Approximate number of units	: 4,600
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2023, in phases

Comprising about 4,600 units in 14 residential towers of 22 to 31 storeys, the project offers a wide range of flat layouts from studio to four-bedroom units. The development is set to become one of the largest-scale private residential developments in Tuen Mun. Phases 1A and 1B were launched for sale in July and August 2022 respectively, receiving encouraging sales responses with over 1,500 units sold.

As the only residential development in Hong Kong to obtain both the WELL Building Standard™ version 2 pre-certification and a Fitwel two-star rating, NOVO LAND is meticulously planned to integrate a sustainable design concept with an array of wellness elements. The project will come with a clubhouse, an outdoor landscaped area, an over-750-metre-long covered jogging track, a running track of approximately 500 metres and other workout facilities, totalling some 400,000 square feet. NOVO Walk, a retail space of about 48,000 square feet housing some 40 shops with a diverse trade mix, will provide a pleasurable shopping and dining experience.

With about a three-minute drive to MTR Siu Hong Station, residents of the development can access most areas of the city via the Tuen Ma Line. Eight new bus routes will be added with approval from the Transport Department, connecting the development to major business areas and other MTR stations. This will help provide access to the Group's shopping mall V City, creating synergy between the properties. In addition, the project is set to benefit from the maturing cross-border transportation network in Tuen Mun. Construction of the project has been proceeding well with the top-out of the superstructure of the first phase of the residential towers.

Tuen Mun Town Lot No. 496

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

Attributable site area	: 177,000 square feet
Attributable gross floor area	: 461,000 square feet (residential)
Expected date of Certificate of Compliance/ Consent to Assign	: after 2025, in phases

The project is located in a new residential enclave in So Kwun Wat, Tuen Mun, which is praised for its plentiful greenery and tranquil environment. To be developed in phases, the project will comprise a residential gross floor area of 614,000 square feet with the majority being small-to-medium sized units for young families.

With its proximity to Tai Lam Country Park and Castle Peak Bay, the project will be thoughtfully designed to offer residents a placid and green living environment blending wellness living and nature. Some units on the high floors will enjoy sea views. A renowned international school nearby is an additional appeal to young families. The development plan is being finalized and the piling work is under way.

Property Development

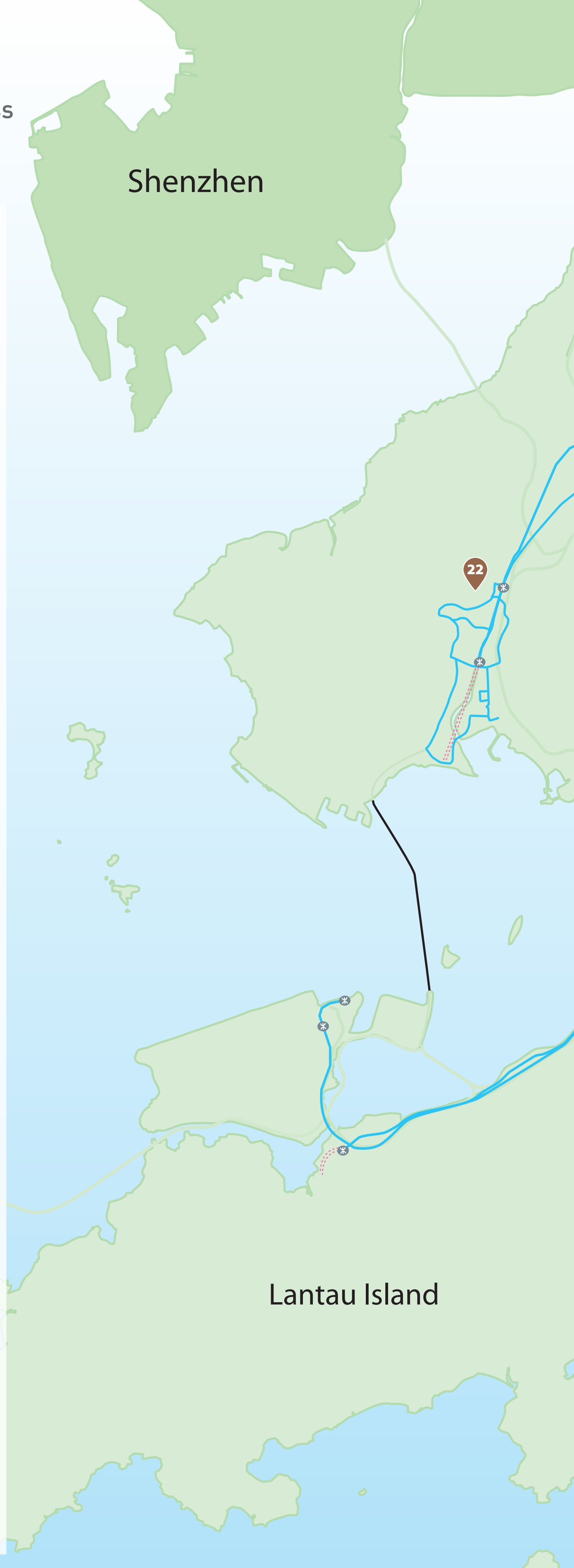
Projects Under Development in Hong Kong by Year of Completion[1]

Location	Project Name	Group's Interest (%)
Scheduled for Completion in FY2022/23		
Tuen Mun Town Lot No. 483 Phases 1A & 1B	NOVO LAND	100
Yuen Long Station Development Phase B	The YOHO Hub	JV
98 How Ming Street Phase 1		70.6[3]
Tseung Kwan O Town Lot No. 131 Phase 1	MEGA IDC	73.6
252 Texaco Road & 28 Wang Lung Street, Tsuen Wan		65.2
Tin Shui Wai Town Lot No. 33 Phase 3	Wetland Seasons Bay Phase 3	100
Sha Tin Town Lot No. 609 Phase 2	St Michel Phase 2	100
Tsuen Wan Town Lot No. 428	MEGA Gateway	73.6
222–228 Wan Chai Road	Plaza 228	92
38 Belcher's Street, Kennedy Town	KENNEDY 38	53.3
233 Prince Edward Road West, Kowloon City		58
Year Total:		
Scheduled for Completion in FY2023/24		
Tuen Mun Town Lot No. 483 Phases 2A & 2B		100
Tai Po Town Lot No. 244	Silicon Hill	100
Yuen Long Station Development Phase C		JV
New Kowloon Inland Lot No. 6550		100
98 How Ming Street Phase 2		70.6[3]
Tuen Mun Town Lot No. 463 Phase 1	Grand Jeté	59.1
Year Total:		
Scheduled for Completion in FY2024/25		
Tai Po Town Lot No. 253, Sai Sha, Shap Sz Heung Phase 1[4]		100
New Kowloon Inland Lot No. 6568 Phase 1		100
Tin Wing Station Development Phase 1		JV
Tuen Mun Town Lot No. 483 Phase 3A		100
Tuen Mun Town Lot No. 463 Phase 2		59.1
Year Total:		
Scheduled for Completion in FY2025/26 or Beyond		
Tai Po Town Lot No. 253, Sai Sha, Shap Sz Heung subsequent phase(s)[4]		100
High Speed Rail West Kowloon Terminus Development[5]		JV[5]
Fanling Sheung Shui Town Lot No. 279, Kwu Tung		100
Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long		100
New Kowloon Inland Lot No. 6551		100
New Kowloon Inland Lot No. 6568 subsequent phase(s)		100
Tseung Kwan O Town Lot No. 131 Phase 2	MEGA IDC	73.6
The Remaining Portion of Yuen Long Town Lot No. 507 Phase 3		100
Tuen Mun Town Lot No. 496		75.2
Tuen Mun Town Lot No. 483 subsequent phase(s)		100
Tin Wing Station Development subsequent phase(s)		JV
Lot No. 2091 in DD 105, Shek Wu Wai, Yuen Long		54.5
13–23 Wang Wo Tsai Street, Tsuen Wan		100
Lot No. 2579 in DD 92, Kwu Tung, Sheung Shui		100
Lot No. 4805 in DD 104, Yuen Long		100
Others		
Total for Projects to be Completed in FY2025/26 or Beyond:		

(1) Completion refers to the stage in which the project is ready for handover; excluding the gross floor area of Government Accommodation that will be handed over to relevant government departments upon completion of the project
(2) Including data centre
(3) Including 50% direct interest and an indirect interest of about 20.6% derived from the Group's holdings in Transport International Holdings (TIH)
(4) Previously known as Tai Po Town Lot No. 157
(5) The Group currently has a 100% and 45% interest in the retail and office portions respectively

Attributable Gross Floor Area (square feet)					
Residential	**Shopping Centre/Shops**	**Office**	**Hotel**	**Industrial[2]**	**Total**
807,000	–	–	–	–	807,000
734,000	–	–	–	–	734,000
–	–	458,000	–	–	458,000
–	–	–	–	388,000	388,000
–	–	–	–	248,000	248,000
214,000	29,000	–	–	–	243,000
174,000	–	–	–	–	174,000
–	–	–	–	148,000	148,000
–	8,000	114,000	–	–	122,000
63,000	3,000	–	–	–	66,000
42,000	–	–	–	–	42,000
2,034,000	**40,000**	**572,000**	**–**	**784,000**	**3,430,000**
883,000	48,000	–	–	–	931,000
900,000	23,000	–	–	–	923,000
627,000	107,000	–	–	–	734,000
–	–	–	374,000	–	374,000
–	353,000	–	–	–	353,000
101,000	–	–	–	–	101,000
2,511,000	**531,000**	**–**	**374,000**	**–**	**3,416,000**
859,000	57,000	–	–	–	916,000
552,000	240,000	–	–	–	792,000
706,000	2,000	–	–	–	708,000
312,000	–	–	–	–	312,000
104,000	–	–	–	–	104,000
2,533,000	**299,000**	**–**	**–**	**–**	**2,832,000**
4,799,000	73,000	–	–	–	4,872,000
–	603,000	1,154,000	–	–	1,757,000
999,000	132,000	–	–	–	1,131,000
–	490,000	366,000	–	–	856,000
625,000	24,000	–	–	–	649,000
514,000	–	–	–	–	514,000
–	–	–	–	504,000	504,000
452,000	29,000	–	–	–	481,000
461,000	–	–	–	–	461,000
382,000	–	–	–	–	382,000
274,000	–	–	–	–	274,000
265,000	–	–	–	–	265,000
168,000	–	–	–	–	168,000
162,000	–	–	–	–	162,000
139,000	–	–	–	–	139,000
–	–	–	–	125,000	125,000
9,240,000	**1,351,000**	**1,520,000**	**–**	**629,000**	**12,740,000**

Property Development



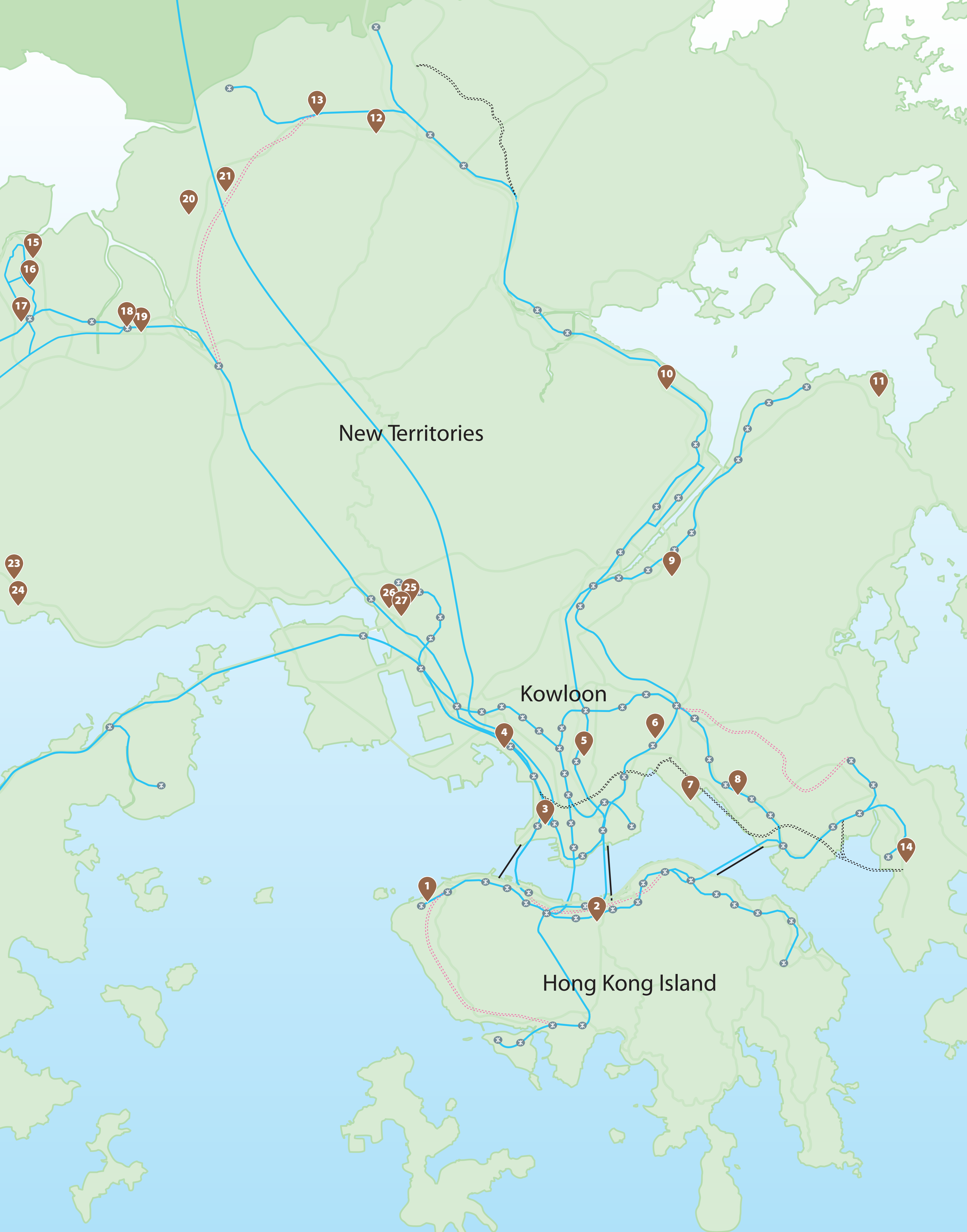
Major Properties Under Development in Hong Kong

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

District	No.	Project Name	Usage
Hong Kong Island	1	KENNEDY 38	Residential, Shopping Centre/Shops
	2	Plaza 228	Shopping Centre/Shops, Office
Kowloon	3	High Speed Rail West Kowloon Terminus Development	Shopping Centre/Shops, Office
	4	New Kowloon Inland Lot No. 6550	Hotel
	5	233 Prince Edward Road West	Residential
	6	New Kowloon Inland Lot No. 6568	Residential, Shopping Centre/Shops
	7	New Kowloon Inland Lot No. 6551	Residential, Shopping Centre/Shops
	8	98 How Ming Street	Shopping Centre/Shops, Office
New Territories East	9	St Michel	Residential
	10	Silicon Hill	Residential, Shopping Centre/Shops
	11	Tai Po Town Lot No. 253[(2)]	Residential, Shopping Centre/Shops
	12	Lot No. 2579 in DD 92, Kwu Tung, Sheung Shui	Residential
	13	Fanling Sheung Shui Town Lot No. 279, Kwu Tung, Sheung Shui	Residential, Shopping Centre/Shops
	14	MEGA IDC	Industrial
New Territories West	15	Wetland Seasons Bay Phase 3	Residential, Shopping Centre/Shops
	16	Tin Wing Station Development	Residential, Shopping Centre/Shops
	17	Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long	Shopping Centre/Shops, Office
	18	The YOHO Hub / YOHO Mall extension	Residential, Shopping Centre/Shops
	19	Grand YOHO Phase 3	Residential, Shopping Centre/Shops
	20	Lot No. 4805 in DD 104, Yuen Long	Residential
	21	Lot No. 2091 in DD 105, Shek Wu Wai, Yuen Long	Residential
	22	NOVO LAND	Residential, Shopping Centre/Shops
	23	Tuen Mun Town Lot No. 496	Residential
	24	Grand Jeté	Residential
	25	13-23 Wang Wo Tsai Street, Tsuen Wan	Residential
	26	252 Texaco Road & 28 Wang Lung Street, Tsuen Wan	Industrial
	27	MEGA Gateway	Industrial

MTR
Subsea Tunnel
MTR (potential future projects)
Major roads (under construction/future projects)

(1) Including industrial/office premises, godowns and data centres
(2) Previously known as Tai Po Town Lot No. 157


New Territories
Kowloon
Hong Kong Island
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
23
24
25
26
27

Hong Kong Property Business

Property Investment

Victoria Harbour Gateway, Hong Kong

Property Investment

New Town Plaza, Sha Tin

During the year under review, the Group's diverse property investment portfolio in Hong Kong continued to generate relatively steady recurring income despite disruptions from the outbreak of the Omicron variant. Gross rental income, including contributions from joint ventures and associates, dropped by 3% year-on-year to HK$17,551 million. The overall average occupancy of the portfolio remained at 92%.

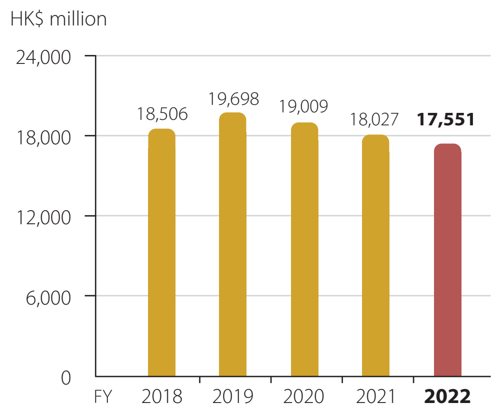
Completed Properties

Shopping Centres

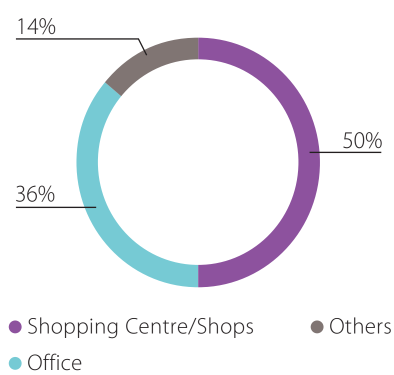
The Group holds a quality retail portfolio of some 12 million square feet in Hong Kong. Consumption spending was severely disrupted by more stringent anti-pandemic measures during the fifth wave of the pandemic in the first quarter of 2022. Nevertheless, adverse impacts from such disruptions to the Group's retail portfolio were mitigated by its proactive leasing management and effective marketing programmes, as well as a fine-tuned trade-and-tenant mix. During the year, the portfolio's gross rental income dropped by 3% year-on-year to HK$8,858 million. The overall average occupancy of the retail portfolio remained at a satisfactory level of 95%.

During the year, the Group's leasing management team continued to introduce a variety of sales and marketing initiatives to attract customers. The Point, a loyalty programme with a membership of close to two million, enabled the Group's 25 major shopping malls to engage directly with a wide spectrum of customers. During the year, its active members increased by nearly 20%. Utilizing an app, The Point has

Gross Rental Income in Hong Kong[(1)]



Gross Rental Income in Hong Kong by Sector[(1)]



(1) *Including contributions from associates and joint ventures*

YOHO Mall, Yuen Long

IFC Mall, Central

constantly optimized its interface and introduced new functions, driving footfall and tenant sales. A new feature launched in early 2022 allows points earned by customers to be converted to Point Dollar, which can be spent as cash at participating malls.

To capture opportunities arising from a new round of electronic consumption vouchers, targeted promotional programmes were launched during the year. Tenant sales of the Group's retail premises registered rebounds in the second quarter of 2022, with shopper traffic resuming to pre-fifth-wave levels. In recent months, leasing enquiries have been increasing and many existing tenants have been keen on negotiating for longer lease terms. Nevertheless, the performance of individual malls varied. While local spending-focused malls such as APM in Kwun Tong, YOHO Mall in Yuen Long and Tai Po Mega Mall did relatively well in terms of tenant sales and traffic flow, those in tourist areas, such as The Sun Arcade in Tsim Sha Tsui, still suffered from the absence of tourists. Following the recent relaxation of quarantine requirements, the operating environment for shopping centres is likely to improve gradually.

The Group adheres to its customer-centric principle. To cater to rapid changes in consumer needs and aspirations, the Group constantly carries out tenant mix refinements and refurbishes its shopping malls. Such efforts help enhance the malls'

APM, Kwun Tong

Property Investment

Metroplaza, Kwai Fong

competitiveness, reinforcing the Group's leading position in the industry. This also allowed its malls to become well positioned to capitalize on opportunities arising from further recovery in consumer spending.

Situated along the waterfront in core Central on Hong Kong Island, IFC Mall at IFC complex targets premium market with an assortment of the world's most recognized brands and top-rated fine-dining establishments. While its performance was affected by a lack of tourists, the mall was able to drive footfall with the introduction of exclusive pop-up stores and activities held by prestige brands.

The WTC mall, strategically located close to MTR Causeway Bay Station, is currently under major reconfiguration and scheduled to be reopened in phases starting from the fourth quarter of 2022. The rebranded mall will feature new luxury brands and unconventional food and beverage outlets, drawing the attention of millennials and Gen Z. Customers will be able to experience a new dining concept at its restaurants, which feature stunning views of Victoria Harbour.

A regional mall in Kowloon East, APM is a trend-setter with a well-thought-out trade mix. The mall has remained the preferred choice for overseas retailer chains, some of whom are new to Hong Kong, to open their debut stores in the district. During the year, the mall introduced a Japanese pharmacy chain which is the first to operate in town, further strengthening its unique positioning. APM has also fully utilized its outdoor space, including a new outdoor garden covering 20,000 square feet, and rolled out creative marketing initiatives featuring interactive digital elements. These, together with its direct access to MTR Kwun Tong Station and seamless connectivity to the Millennium City offices, have increased APM's popularity among young shoppers and office workers.

Adjacent to MTR Mong Kok East Station, MOKO is just a few stations away from various core commercial districts following the commissioning of the East Rail Line Cross-Harbour Extension during the year. This has made it a convenient rendezvous for office workers. Trendy lifestyle stores were introduced to offer wider options for trendy toys and electronic gadgets. The reporting year also saw the opening of MOKO Park, an enlivened outdoor space of about 18,000 square feet with brand-new playground and sports facilities on the themes of the Bird Garden and the Flower Market, adding fun for family shoppers.

New Town Plaza, next to MTR Sha Tin Station, is the largest shopping destination in New Territories East. The flagship mall has attracted more visitors from other regions after the full commencement of the cross-harbour section of the East Rail Line. During the year, the mall introduced overseas brands and popular beauty outlets to tap shoppers' changing preferences. Other than an upgraded Pets Park, a brand-new indoor entertainment zone has been gradually opened since September 2022 to bring additional leisure and amusement choices to visitors.

East Point City in Tseung Kwan O and Tai Po Mega Mall further strengthened their positions as a one-stop shopping hub in

Tai Po Mega Mall, Tai Po

V City, Tuen Mun

respective districts during the year, right on time to capture the rising population and local spending in these areas. Tai Po Mega Mall continued to enrich its tenant-and-trade offerings to better serve its customers. A cinema with around 400 seats, the only cinema in the area, was opened in October 2021. East Point City drew renowned brands to debut in Tseung Kwan O through pop-up stores, and recruited a range of exclusive-in-district restaurants to bring novelty to customers. Riding on its large-scale retail network in Tseung Kwan O, the Group has initiated a cross-mall shopping promotion to produce a synergistic effect.

In New Territories West, the Group reconfigured its major regional malls, Tsuen Wan Plaza and Metroplaza, a few years ago to maintain their competitiveness. Both malls have utilized their outdoor spaces to organize green projects and other popular campaigns to draw more footfall. Metroplaza recently launched the Metro Green programme to promote green living consumption through a series of activities with the concept of environmental protection while Tsuen Wan Plaza increased shop variety through a re-design of shop layouts and brought in popular eateries.

As the largest shopping hub in northwest New Territories, YOHO Mall in Yuen Long offers attractive retail and dining options to suit the needs of locals and visitors from other districts. The mall organized signature events in the form of specialty carnivals and tenants' workshops to enrich customer experience and boost sales. The mall's scale will further be expanded to about 1.1 million square feet upon completion of its extension in the first quarter of 2024. Apart from a seamless connectivity to MTR Yuen Long Station, additional footbridge connections will further help enlarge the mall's catchment area.

Since the outbreak of the pandemic, the Group has adjusted the market positioning of some of its shopping malls located in tourist-popular districts. Landmark North in North District has refined its trade category to cater for the needs of the neighbourhood. A new outdoor deck was opened in late 2021, providing open space for interactive promotions. In view of a rising number of young families and professionals moving into the vicinity, V City next to MTR Tuen Mun Station has enlarged its catchment area by attracting more residents along Castle Peak Road. In addition, exclusive shopping and parking privileges are offered to residents in the neighbourhood to boost traffic flows and sales. The mall has also brought in more high-end brands to cater for latest consumption trends.

East Point City, Tseung Kwan O

Property Investment

ICC, West Kowloon

Offices

The office leasing market in Hong Kong remained challenging during the year. Despite improved demand in the second half of 2021, leasing activities slowed between January and April 2022 when Omicron cases became most prevalent. Since late April, following a better control of local infection cases, leasing enquiries have showed some signs of improvement although market rents were still under pressure. Nevertheless, new and expansion demands have been seen in selected corporates.

Leveraging its reputable brand, diversity, premium quality, high specifications and attentive property management services, the Group's office portfolio appeals to both new and existing tenants. The 10-million-square-foot portfolio allows the Group to offer tenants a selection of choices in terms of locations, floor-plate sizes and rental levels. The Group's continued upgrade in ESG initiatives is also an added attraction to tenants. During the year, the overall average occupancy remained at about 92%.

An outstanding landmark of the city, the office towers at IFC in Central is a highly sought-after address for and hub of leading banks and financial institutions as well as other renowned corporations. The leading position in the premium grade-A office market is well supported by its strong brand, world-class building specifications, excellent transport connectivity and exceptional services, as well as the presence of IFC Mall and Four Seasons Hotel Hong Kong in the integrated complex. During the year, IFC continued to benefit from expansion and upgrade demands from selected financial institutions. Its office spaces were almost fully let.

ICC atop Airport Express Kowloon Station, another premier landmark in Hong Kong, continues to attract reputable multinational corporations and financial services companies. This skyscraper boasts not only high building quality and specifications, but also excellent transport connectivity within the city and with major mainland cities through the railway network. Its proximity to the growing and maturing West Kowloon Cultural District is also a definite advantage. Despite interruptions caused by restrictive cross-border travel with the mainland, the occupancy of ICC remained at a reasonable level. Looking forward, ICC is expected to create synergy with the Group's mega project under development atop the High Speed Rail West Kowloon Terminus, benefitting from rapid economic growth in the Greater Bay Area.

The Group's premium offices in decentralized areas, such as KCC in Kwai Chung, Metroplaza in Kwai Fong and Grand Central Plaza in Sha Tin, exhibited their resilience in terms of occupancy. Following the opening of MTR Exhibition Centre Station at the new cross-harbour section of the East Rail Line in May 2022, the enhancement in transport convenience in Wan Chai North should benefit the leasing activities of Sun Hung Kai Centre and Central Plaza going forward.

IFC, Central

Millennium City, Kwun Tong

Featuring large floor plates, quality property management and convenient access to MTR stations and other public transport networks, the Group's Millennium City cluster in Kowloon East continued to appeal to an assortment of tenants, ranging from financial service companies, retailers as well as government and public bodies. During the year, this quality cluster recorded reasonable occupancies but faced modest downward pressure on rentals.

During the year, renovation works for Millennium City 1 was progressing as planned. Aside from carrying out asset enhancement initiatives to maintain product excellence and competitiveness, the Group has endeavoured to enhance the environmental and green features of its office premises. The number of green buildings with LEED certifications continued to rise. In addition to the BEAM Plus Platinum certification, Two IFC received the LEED Platinum rating during the year. Meanwhile, ICC was also certified LEED Platinum in 2022 after being awarded the top 'Outstanding' rating in the BREEAM In-Use scheme, the first building in the city to obtain the highest honour under the Building Research Establishment Environmental Assessment Method (BREEAM).

Property Investment

The HarbourView Place, West Kowloon

Vega Suites, Tseung Kwan O

Residential, Serviced Suites and Others

Signature Homes managed the Group's some one million square feet of luxury residential units and about 700 serviced suites in attributable terms. In addition to attentive services and diversified leasing packages, Signature Homes has adopted the latest technology to further enhance leasing and customer relationship management to better serve evolving customer needs for accommodation. During the year, comprehensive upgrades and renovations were carried out in part of the properties to further enhance the competitiveness of the Group's luxury residential leasing portfolio. This helped cushion pressure on rents and occupancies despite the challenging operating environment. Occupancies at the luxury serviced suites under Four Seasons Place in Central, The HarbourView Place in West Kowloon, and Vega Suites in Tseung Kwan O also improved.

The Group's other property investment, including industrial buildings, godowns and car parking bays, continued to deliver stable recurring income amid challenges arising from the pandemic and the slowdown of the economy.

Properties under Development

To help achieve sustainable development in Hong Kong, the Group integrates the ideas of green and healthy living as well as innovative technologies into its new properties. Apart from expanding its portfolio to maintain a stable recurrent income base, the Group is committed to developing additional ESG-compliant buildings, catering to the needs and aspirations of tenants and manifesting its ESG commitment to the community.

The integrated joint-venture development at 98 How Ming Street in Kowloon East, in which the Group owns an effective stake of about 70.6%, represents one of its upcoming showcases. This project will feature two grade-A office towers of 650,000 square feet in total and a 500,000-square-foot mall above the podium. Being the first of its kind within the Group, the entire office-cum-retail project is targeted to obtain Platinum ratings for LEED, WELL and BEAM Plus. In addition to its grade-A office specifications, the buildings' operating system via Building Information Modelling technology has been upgraded to better serve its tenants in a more efficient way. Pre-leasing of the office towers is progressing smoothly and some of the tenants will begin to move in over the next few months. Positioned as a one-stop modern lifestyle shopping destination, the 10-storey mall is expected to open in 2024, offering shoppers a variety of fashionable brands, experiential retail and specialty restaurants. Upon its full operation, the integrated development is expected to synergize with the nearby Millennium City office cluster and APM mall, strengthening the Group's footprint in Kowloon East.

Along the West Kowloon waterfront, the Group is developing premium long-stay suites with over 800 guest rooms. Boasting spectacular views of Victoria Harbour, the development will feature ample outdoor space and a wide range of facilities, including an infinity pool on the top floor and a sky garden. Guests can enjoy easy access to the Group's shopping mall V Walk and MTR Nam Cheong Station through a walkway. The superstructure has been topped out and the project is scheduled to open in late 2023.

The Group is developing a premium shopping mall beneath its high-end residential development in Kai Tak City Centre. Directly linked to MTR Kai Tak Station with its underground shopping street, the four-storey shopping destination of some 240,000 square feet will house more than 100 shops and al fresco rooftop dining. This will provide residents and visitors in Kai Tak City Centre with convenient leisure shopping experiences. Superstructure work is now under way.

The development of a mega integrated joint-venture project atop the High Speed Rail West Kowloon Terminus is under way. The landmark project will offer two grade-A office towers of about 2.6 million square feet and a premium shopping mall of about 600,000 square feet. The Group will retain the entire retail portion and nearly 1.2 million square feet of premium offices in attributable terms for long-term investment. The remaining 1.4 million square feet of office space will be held by two strategic long-term investors. Its superstructure work has commenced.

The above-mentioned High Speed Rail West Kowloon Terminus Development has been designed to obtain Platinum ratings for LEED, WELL and BEAM Plus. The Group is committed to integrating social and environmental sustainability elements into the design of the project. In addition to the provision of some 100,000 square feet of open space, which includes part of the proposed West Kowloon Parkway, an abundance of green and wellness elements will be incorporated into the development to enliven the environment and contribute to the wellbeing of tenants, visitors and residents in the neighbourhood. Upon its completion, this landmark project will synergize with the Group's ICC and five-star hotels nearby to become an important and vibrant commercial hub for both the city and the Greater Bay Area.

With a strong commitment to developing sustainable communities for people to live in, the Group will continue building regional malls to suit the daily needs of residents and the neighbourhood and provide them with wider variety for leisure activities. Projects of this nature, including the YOHO Mall extension in Yuen Long and retail portions of two new developments near MTR Tin Shui Wai Station and the committed Kwu Tung Station respectively, will be held by the Group as long-term investments. For more details of the aforementioned retail premises, please refer to pages 34, 35 and 36.

High Speed Rail West Kowloon Terminus Development

Property Investment

Major Completed Properties in Hong Kong

Project	Location
Hong Kong Island	
One IFC / Two IFC / IFC Mall / Four Seasons Hotel Hong Kong / Four Seasons Place	1 Harbour View Street / 8 Finance Street, Central
Sun Hung Kai Centre	30 Harbour Road, Wan Chai
Central Plaza	18 Harbour Road, Wan Chai
Harbour North / Hyatt Centric Victoria Harbour Hong Kong	123 & 133 Java Road / 1 North Point Estate Lane, North Point
World Trade Centre / WTC mall	280 Gloucester Road, Causeway Bay
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road
Pacific View (Blocks 2 & 3)	38 Tai Tam Road
Chi Fu Landmark	Chi Fu Road, Pok Fu Lam
Kowloon	
ICC / Sky100 Hong Kong Observation Deck / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place	1 Austin Road West
Millennium City 1 (2)	388 Kwun Tong Road
Millennium City 2	378 Kwun Tong Road
Millennium City 5 / APM	418 Kwun Tong Road
Millennium City 6	392 Kwun Tong Road
Grand Century Place / MOKO / Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok
V Walk	28 Sham Mong Road, West Kowloon
The Royal Garden	69 Mody Road, Tsim Sha Tsui
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan
APEC Plaza	49 Hoi Yuen Road, Kwun Tong
Mikiki	638 Prince Edward Road East, San Po Kong
The Sun Arcade	28 Canton Road, Tsim Sha Tsui
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan
Brill Plaza	82-84 To Kwa Wan Road
New Tech Plaza	34 Tai Yau Street, San Po Kong
26 Nathan Road	26 Nathan Road, Tsim Sha Tsui
New Territories	
New Town Plaza / New Town Tower / Royal Park Hotel	18 Shatin Centre Street / 2-8 Shatin Centre Street / 10-18 Pak Hok Ting Street / 8 Pak Hok Ting Street, Sha Tin
Grand Central Plaza / HomeSquare	138 Shatin Rural Committee Road, Sha Tin
Metroplaza	223 Hing Fong Road, Kwai Chung
YOHO Mall I	9 Yuen Lung Street / 9 Long Yat Road, Yuen Long
YOHO Mall II	8 Long Yat Road, Yuen Long
Crowne Plaza Hong Kong Kowloon East / Holiday Inn Express Hong Kong Kowloon East / Vega Suites	3 Tong Tak Street, Tseung Kwan O
PopCorn	9 Tong Yin Street, Tseung Kwan O
Tai Po Mega Mall	9 On Pong Road, Tai Po
Tsuen Wan Plaza	5-21 Pak Tin Par Street, Tsuen Wan
KCC	51 Kwai Cheong Road, Kwai Chung
Life@KCC	72-76 Kwai Cheong Road, Kwai Chung
Landmark North	39 Lung Sum Avenue, Sheung Shui
East Point City	8 Chung Wa Road, Tseung Kwan O
Citygate / Novotel Citygate Hong Kong Hotel / The Silveri Hong Kong – MGallery	20 Tat Tung Road / 51 Man Tung Road, Tung Chung
ALVA Hotel by Royal	1 Yuen Hong Street, Sha Tin
Royal View Hotel	353 Castle Peak Road, Ting Kau
V City	83 Tuen Mun Heung Sze Wui Road, Tuen Mun
PopWalk (Phases 1, 2 & 3) / Ocean PopWalk	12 Tong Chun Street / 19 Tong Yin Street / 19 Chi Shin Street / 28 Tong Chun Street, Tseung Kwan O
Park Central	9 Tong Tak Street, Tseung Kwan O
Grand City Plaza	1-17 Sai Lau Kok Road, Tsuen Wan

(1) Including industrial/office premises and godowns
(2) Including the attributable share in areas held by SUNeVision, in which the Group has a 73.5% interest

Lease Expiry	Group's Interest (%)	Attributable Gross Floor Area (square feet)					
		Residential	Shopping Centre/Shops	Office	Hotel	Industrial[1]	Total
2047	50	–	320,000	958,000	550,000	–	1,828,000
2127	100	–	53,000	851,000	–	–	904,000
2047	50	–	–	705,000	–	–	705,000
2062/2063	100	–	145,000	–	388,000	–	533,000
2842	100	–	280,000	232,000	–	–	512,000
2886	100	341,000	–	–	–	–	341,000
2047	100	248,000	–	–	–	–	248,000
2126	100	–	172,000	–	–	–	172,000
2047	100	–	29,000	2,495,000	1,023,000	–	3,547,000
2047	100	–	27,000	896,000	–	–	923,000
2047	50	–	–	133,000	–	–	133,000
2052	100	–	598,000	308,000	–	–	906,000
2047	100	–	32,000	370,000	–	–	402,000
2047	100	–	725,000	475,000	400,000	–	1,600,000
2062	100	–	298,000	–	–	–	298,000
2127	100	–	–	–	295,000	–	295,000
2047	50	–	–	–	–	285,000	285,000
2047	100	–	–	–	–	240,000	240,000
2054	100	–	205,000	–	–	–	205,000
2047	100	–	205,000	–	–	–	205,000
2047	100	–	–	–	–	188,000	188,000
2099	100	–	–	–	–	183,000	183,000
2047	100	–	–	–	–	182,000	182,000
2039	100	–	53,000	124,000	–	–	177,000
2047	100	–	1,350,000	111,000	243,000	–	1,704,000
2047	100	–	349,000	394,000	–	–	743,000
2047	100	–	600,000	569,000	–	–	1,169,000
2054/2060	100	–	695,000	–	–	–	695,000
2047	87.5	–	245,000	–	–	–	245,000
2057	100	–	–	–	626,000	–	626,000
2057	50	–	108,000	–	–	–	108,000
2047	100	–	598,000	–	–	–	598,000
2047	100	–	583,000	–	–	–	583,000
2047	100	–	79,000	401,000	–	–	480,000
2047	100	–	100,000	–	–	–	100,000
2047	100	–	182,000	375,000	–	–	557,000
2047	100	–	415,000	–	–	–	415,000
2047/2063/ 2063	26.7	–	222,000	43,000	98,000	–	363,000
2047	100	–	–	–	344,000	–	344,000
2047	100	–	–	–	310,000	–	310,000
2056	100	–	269,000	–	–	–	269,000
2060/2061/ 2062/2062	100	–	242,000	–	–	–	242,000
2047	57.52/25	–	195,000	–	–	–	195,000
2047	100	–	35,000	137,000	–	–	172,000

Property Investment

Major Completed Properties in Hong Kong

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

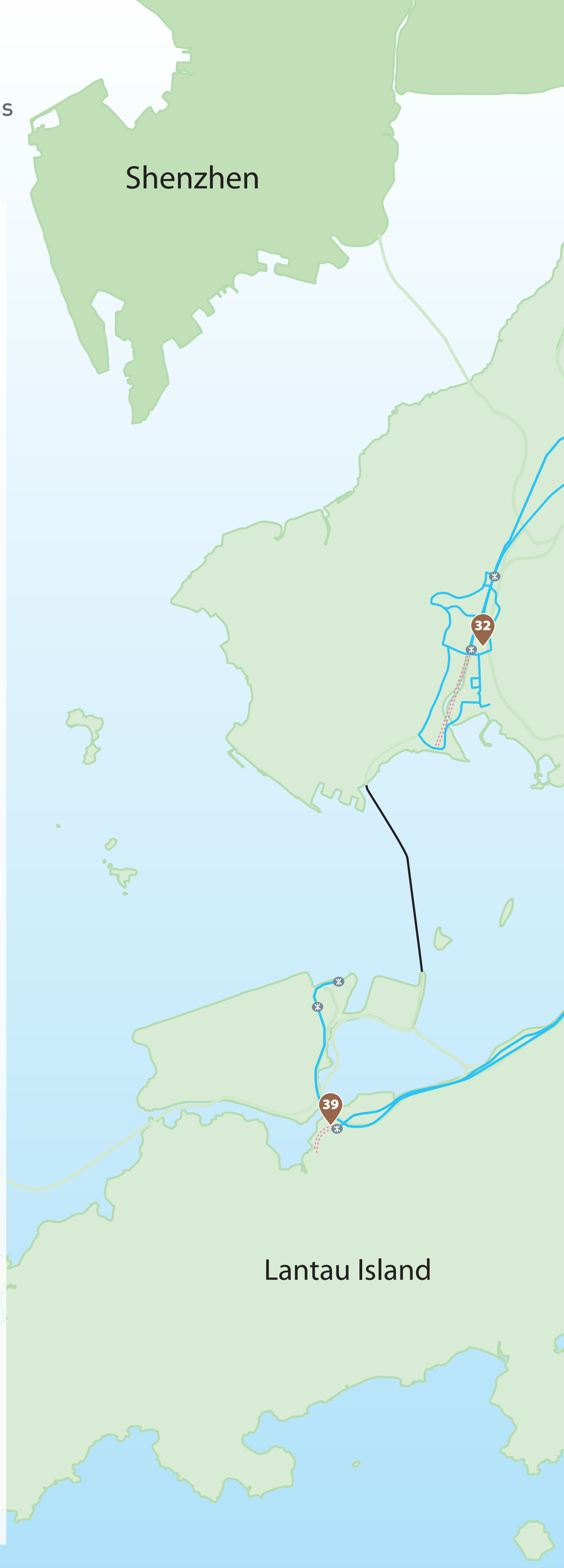
District		Project Name	Usage
Hong Kong Island	1	Chi Fu Landmark	Shopping Centre/Shops
	2	Dynasty Court	Residential
	3	Four Seasons Hotel Hong Kong / Four Seasons Place	Hotel
	4	IFC / IFC Mall	Shopping Centre/Shops, Office
	5	Central Plaza	Office
	6	Sun Hung Kai Centre	Shopping Centre/Shops, Office
	7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

MTR

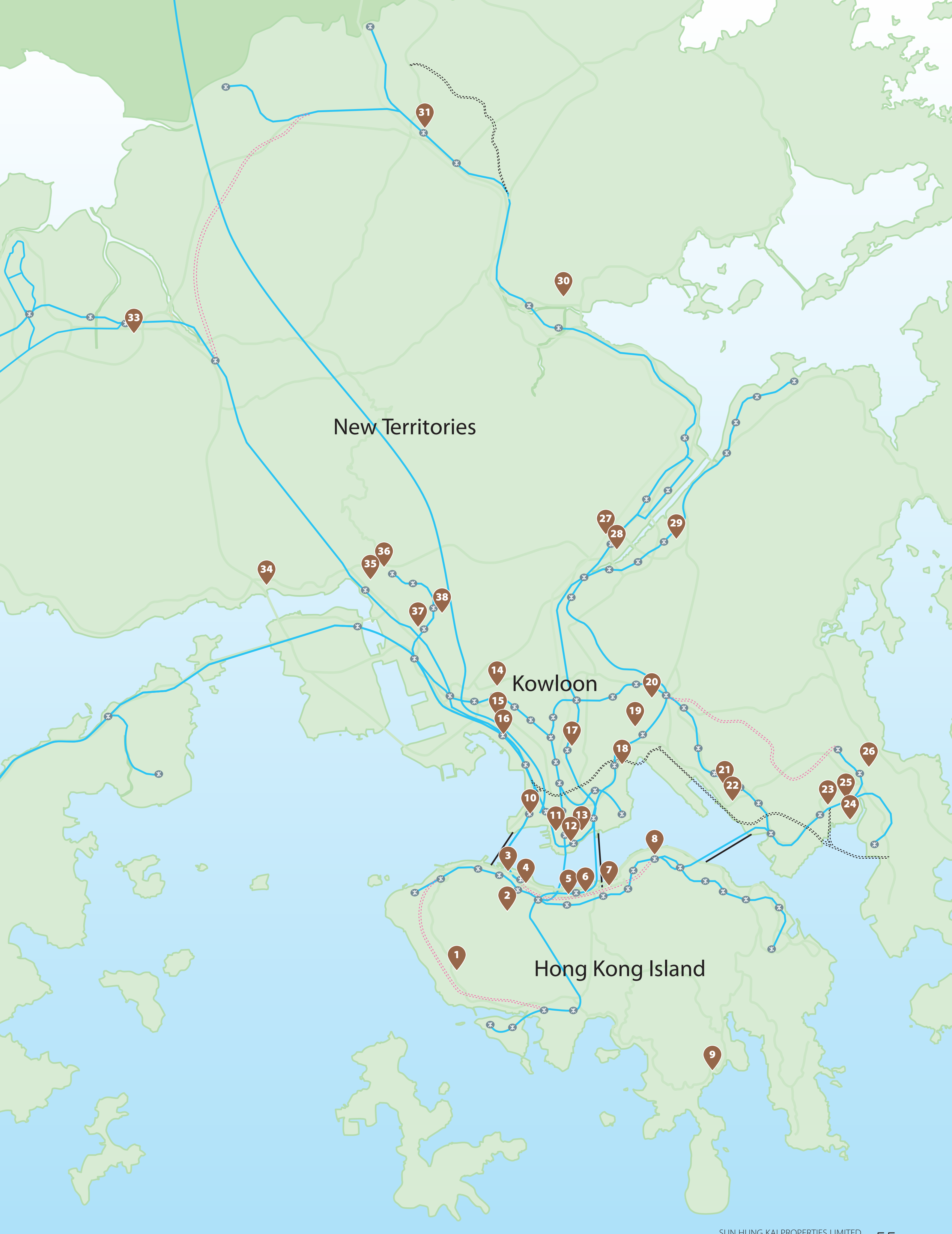
MTR (potential future projects)

Subsea Tunnel

Major roads (under construction/future projects)



(1) Including industrial/office premises and godowns


New Territories
Kowloon
Hong Kong Island
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
33
34
35
36
37
38

Mainland Property Business

Highlights

- **Held an attributable 70.6 million square feet of land bank on the mainland as at 30 June 2022**
- **Completed an attributable 2.8 million square feet of quality properties during the year**
- **Recorded attributable contracted sales of about RMB3,300 million**
- **Attained a net rental income growth of 5% to RMB4,555 million**
- **Maintained a selective investment strategy focusing on major mainland cities**

Land Bank

As at 30 June 2022, the Group's total attributable land bank on the mainland stood at 70.6 million square feet, of which about 17.6 million square feet were completed properties mostly located in transportation hubs in major cities held for rental and long-term investment purposes.

The remaining 53.0 million square feet were properties under development. In terms of land use, quality residences accounted for over 40% of properties under development, while the remainder consisted of premium office, retail and hotel spaces. In terms of geographical distribution, about 32% and 60% of the properties under development spread in key cities in Yangtze River Delta and Greater Bay Area respectively, while the remaining 8% were located in Chengdu.

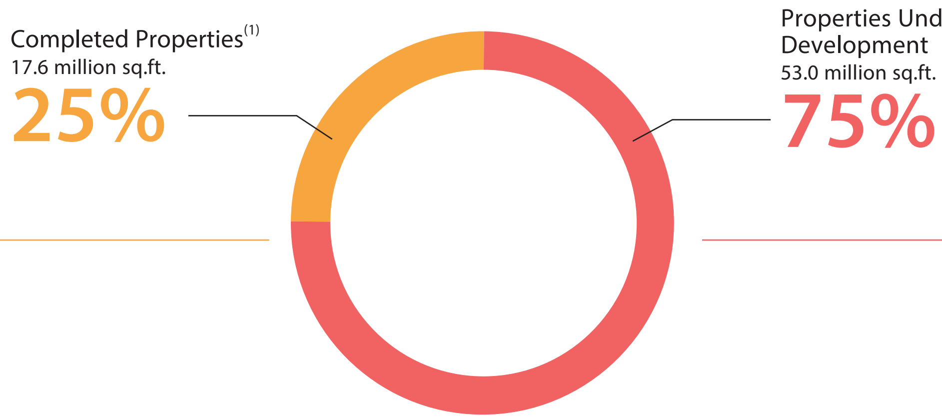
The Group has kept leveraging its expertise and experience in developing green iconic integrated projects in Hong Kong to the mainland market. In terms of attributable floor area, large-scale mixed-use projects accounted for about 60% of the Group's properties under development on the mainland.

The Group holds a positive medium- to long-term outlook on the mainland property market and adheres to its selective and focused strategy of replenishing its land bank in key cities.

As at 30 June 2022, the Group's land bank on the mainland by attributable gross floor area was as follows:

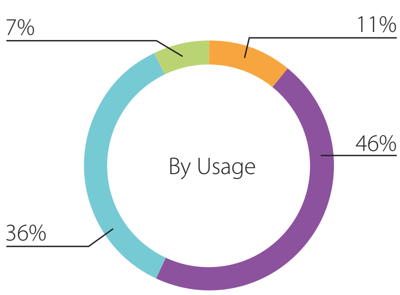
Mainland Land Bank Composition

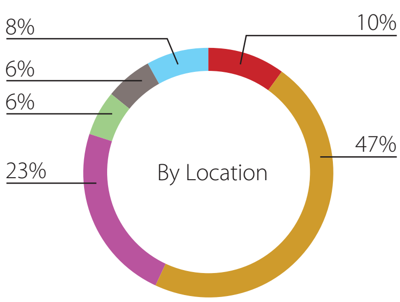
(70.6 million square feet of attributable gross floor area as at 30 June 2022)



Completed Properties

	Attributable Gross Floor Area (million sq.ft.)
Residential	1.9
Shopping Centre/Shops	8.0
Office	6.4
Hotel	1.3

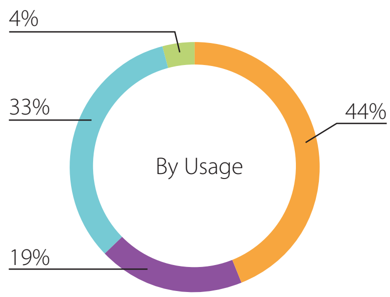


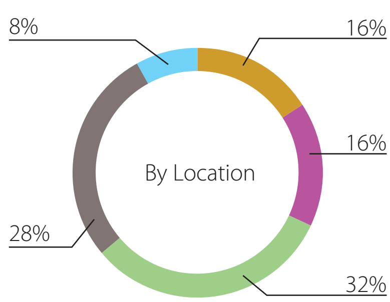


	Attributable Gross Floor Area (million sq.ft.)
Beijing	1.7
Shanghai	8.2
Other Yangtze River Delta Cities	4.1
Guangzhou	1.1
Other Greater Bay Area Cities[2]	1.1
Chengdu	1.4

Properties Under Development

	Attributable Gross Floor Area (million sq.ft.)
Residential	23.2
Shopping Centre/Shops	10.3
Office	17.3
Hotel	2.2





	Attributable Gross Floor Area (million sq.ft.)
Shanghai	8.4
Other Yangtze River Delta Cities	8.7
Guangzhou	17.0
Other Greater Bay Area Cities[2]	14.6
Chengdu	4.3

(1) An overwhelming majority are for rent/investment

(2) Excluding Hong Kong

Mainland Property Business
Property Development

ITC, Shanghai

Hangzhou IFC, Hangzhou

Property Development

The residential markets in major mainland cities have seen a recovery in transaction volumes since May, following a consolidation mainly due to COVID-19 in the first few months of 2022. Market sentiment gradually stabilized, thanks to the benign mortgage environment along with positive government measures to boost the economy and support reasonable home demand.

Given the market headwinds and COVID disruptions, the Group's mainland business was inevitably affected. During the year under review, the Group recorded attributable contracted sales of about RMB3,300 million. These were mainly attributed to sales from joint-venture projects such as TODTOWN in Shanghai, Taihu International City in Wuxi, Oriental Bund in Foshan, Chengdu ICC and Jovo Town in Chengdu.

Closely monitoring consumers' changing aspirations and demand, the Group has always been dedicated to providing quality products with thoughtful designs, efficient layouts, pleasant landscaping and attentive management services to its customers. With the gradual completion of landmark projects in core metropolises such as Shanghai, Guangzhou and Hangzhou, the Group's brand name and pursuit of excellence will become increasingly recognized on the mainland. The Group will continue to keep abreast of the times and develop premium projects to meet the needs of homebuyers and tenants on the mainland.

Major Projects under Development

Shanghai & Yangtze River Delta

ITC
Xuhui, Shanghai
(100% owned)

Strategically located at the centre of Xujiahui, adjacent to an interchange station for three existing metro lines and two future lines, ITC provides a total gross floor area of 7.6 million square feet comprising premium office towers, high-end shopping malls and a five-star hotel. Building under the concept of 'a city within a city', this integrated development will create an extraordinary environment for work, shopping and leisure. Upon its full completion, several footbridges will connect the different phases of the project with surrounding buildings and nearby historical heritage sites for easy access, enlivening the entire district.

The mega integrated project is being developed in phases. Completed by 2018, the first two phases comprise about 490,000 square feet of grade-A office space and 380,000 square feet of quality retail space. For the leasing performance of the two phases, please refer to pages 75 and 77.

ITC, Shanghai

Shanghai Arch, Shanghai

The remaining parts comprise about 6.7 million square feet of gross floor area. The 220-metre-tall office tower was completed in mid 2022 and handed over to tenants beginning August. Other portions will include a 370-metre-tall office skyscraper, a 2.5-million-square-foot upmarket shopping mall and the Andaz Shanghai ITC hotel. Upon its full completion in late 2024, the whole development is set to become an iconic landmark adding vibrancy to the Xujiahui area. For further information, please refer to pages 77 and 78.

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

Shanghai Arch, sitting adjacent to the Lujiazui Finance and Trade Zone, is one of the Group's signature residential projects. Residents of the development not only enjoy a panoramic view of the Huangpu River, the Bund and a beautiful urban skyline of the core business district of Shanghai, but also benefit from convenient transportation.

The project will provide about 1.7 million square feet of prestigious living space. Completed by financial year 2020/21, Phases 1 and 2 offer over 500 units with a combined gross floor area of over 1.1 million square feet. Units at Phases 1 and 2B were virtually sold out. The development features exquisite design, efficient layout, comprehensive clubhouse amenities and first-class services.

Phase 3 will consist of over 200 premium residential units in four towers and several detached houses, covering some 470,000 square feet. Construction is progressing smoothly and this phase is scheduled to be handed over to buyers in financial year 2023/24. The Group is planning to launch the third phase when presale consents are ready.

TODTOWN, Shanghai

TODTOWN
Minhang, Shanghai
(35% owned)

TODTOWN is a large-scale transit-oriented development project built over the Xinzhuang station, a key transport node in Southwest Shanghai serving as the interchange station of two metro lines and a railway line. The project has a total gross floor area of over four million square feet, consisting of some 1.9 million square feet of quality apartments, a 1.4-million-square-foot stylish shopping mall, 500,000 square feet of office space and a boutique Hyatt Centric hotel.

Comprising about 600,000 square feet of residential space, Phase 1 of the project was virtually sold out and handed over to buyers in the second half of 2020, winning acclaim for its impressive quality and thoughtful design. Phase 2 consists of some 470 apartments spanning over 800,000 square feet in two towers. The phase was launched in batches starting from financial year 2020/21 with satisfactory sales performance, and is expected to be handed over to buyers in financial year 2023/24.

Featuring a green and sporty environment, TODTOWN incorporates abundant greenery into a large landscaped-roof garden, artistic parks and jogging trails. Upon completion, the whole project is set to become a new landmark in the area, bringing energy and refreshment to the community.

Property Development

Hangzhou IFC, Hangzhou

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

Hangzhou IFC, previously named Jianghehui Project, is a large-scale integrated joint-venture development situated in the core area of Qianjiang New City CBD, Hangzhou. This mega enclave comprises two neighbouring sites that will be jointly developed into a riverside landmark with high-end office, retail, residential, serviced apartments and hotel spaces, providing a total above-ground gross floor area of about nine million square feet. The development sits at the intersection of the Qiantang River and Beijing-Hangzhou Grand Canal, enjoying spectacular waterfront views and overlooking a lush central park. Located at about 15 minutes' driving distance from Hangzhou East Railway Station, the project enjoys convenient intra- and inter-city transportation with its proximity to two metro lines that were newly commissioned during the year.

Phase 1 comprises about 230 quality residential units with a combined gross floor area of approximately 440,000 square feet. All units were sold out within a short time when they were launched in July 2022. Superstructure work of this phase has been completed. The Group plans to launch about 60 exquisite and spacious units with first-line river views in Phase 2 in the first half of 2023, spanning over 140,000 square feet of gross floor area.

Suzhou Project
Yuanqu, Suzhou
(90% owned)

Located on the banks of the iconic Jinji Lake, the Suzhou project with a total gross floor area of about 3.5 million square feet is composed of three developments, including Suzhou ICC, Lake Genève and Four Seasons Hotel Suzhou.

Suzhou ICC is a mixed-use development located in the core area of Yuanqu CBD, the most prosperous commercial hub in the city. The development is a 300-metre-tall skyscraper which enjoys a convenient transportation network with easy access to two metro stations and the Shanghai-Suzhou express rail station. Suzhou ICC has a total gross floor area of nearly two million square feet, including one million square feet of quality office space, a 350,000-square-foot trendy shopping mall, and some 380 exquisite residential units with a gross floor area of 590,000 square feet. The majority of the residential units boast sweeping views of Jinji Lake. Topped out in the first half of 2022, the development is scheduled for completion in 2024.

Lake Genève on the southern bank of Jinji Lake is a low-density residential development. It comprises about 930,000 square feet of gross floor area, providing residents with a relaxing and leisurely lifestyle. The development enjoys easy access to the mass transit network, with an approximately 10 minutes' walking distance to the nearby metro station. Phase 1, comprising 500,000 square feet, was virtually sold out and handed over before 2013. This phase received acclaim for its tranquil lake views, superior building quality and attentive management services. Construction work of Phase 2A, which covers about 270,000 square feet with 74 exclusive detached houses, was completed.

Adjacent to Lake Genève, the Group is now developing the first Four Seasons Hotel in Jiangsu Province, featuring over 200 exclusive suites including 11 villas. Encapsulating an urban-resort ambiance, the world-class hotel is set to become a masterpiece perfectly integrating expansive lake views, a contemporary garden concept and modern business vibe. The first phase of the hotel will open in 2023. For further information on the hotel, please refer to page 85.

Suzhou ICC, Suzhou

Nanjing IFC, Nanjing

Nanjing IFC
Hexi CBD, Nanjing
(100% owned)

Located atop an interchange station of two existing metro lines, Nanjing IFC is an iconic complex overlooking the verdant central park in the Hexi CBD and enjoys magnificent views of the Yangtze River. With a total gross floor area of some 3.4 million square feet, the project comprises two grade-A office towers, the trend-setting Nanjing IFC Mall, and the boutique Andaz Nanjing hotel. The two office towers, Nanjing One IFC and Nanjing Two IFC, were completed before 2021, providing a combined gross floor area of about two million square feet with high specifications along with comprehensive facilities and management services. Please refer to page 77 for its leasing performance.

The remaining portion of the project is being developed as planned. The upscale shopping mall, covering over one million square feet, is scheduled to soft-open in phases starting from financial year 2022/23, and is expected to become a one-stop shopping, entertainment and leisure destination in Nanjing. The Andaz Nanjing hotel boasts over 360 rooms which all enjoy stunning city views and sweeping river views. Interior decoration work of the mall and the hotel is under way. Please refer to pages 78, 79 and 85 respectively for further information on the retail and hotel portions of Nanjing IFC.

Property Development

Guangzhou South Station ICC, Guangzhou

Park Royale, Guangzhou

Guangzhou & Other Greater Bay Area Cities[1]

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

Guangzhou South Station ICC in Guangzhou is a huge integrated transit-oriented development. Totalling a gross floor area of about 9.3 million square feet, the project will be developed in phases into more than four million square feet of premium office space, about three million square feet of quality residential units and apartments, an upscale shopping mall of over one million square feet and a hotel. About 57% of the total gross floor area can be offered for sale while the remaining area will be held for rental and long-term investment purpose.

Seamlessly connected to the Guangzhou South Railway Station, the largest transportation hub in the Greater Bay Area, this development is set to be an integrated station-city transport hub upon completion. The station has become an intersection of nine rail lines in 2022 following the commissioning of two new metro lines this year. Passengers can travel to Hong Kong within 50 minutes via high speed rail. Together with two inter-city lines under development and a new rail line under planning, the station will be connected to 12 rail lines, including high-speed rail, inter-city lines and metro lines, as well as other transport means, further strengthening inter- and intra-city links of the project.

(1) Excluding Hong Kong

Phases 1A and 1B of the project consist of some 400 residential units spanning a total gross floor area of about 480,000 square feet. The Group plans to launch those units onto the market in batches, starting from late 2022. Construction work of this phase is progressing smoothly.

Park Royale
Huadu, Guangzhou
(100% owned)

Park Royale is a large-scale premium residential project in Huadu, Guangzhou comprising about eight million square feet of gross floor area. Boasting soothing views of the lush greenery of nearby Hong Xiuquan Reservoir and Wangzi Mountain Forest Park, the development also offers well-established recreational and educational amenities for its residents. In addition, the project is within a 20-minute ride to one of the largest indoor snow parks in southern China as well as the Guangzhou North Station, a major transportation hub providing both high speed rails and a metro line. Phases 1 and 2, with a combined gross floor area of over four million square feet, were virtually sold out with their units handed over to buyers before mid 2020.

Phase 3A will offer about 500 quality residential units in three towers with a total gross floor area of over 470,000 square feet. Phase 3B will provide over 900 units in five towers spanning a total gross floor area of about 900,000 square feet. Foundation work of this phase will commence soon.

Qingsheng Project
Nansha, Guangzhou
(100% owned)

Strategically located in Nansha, Guangzhou, the Qingsheng Project is a mixed-use transit-oriented development with seamless connections to an interchange station of an existing high-speed rail line, an existing metro line and a planned metro line. Being developed in phases, the over-three-million-square-foot project will provide quality office space and a shopping mall, injecting vibrancy and bringing a new lifestyle into the community. The first phase comprises trendy retail space of over 360,000 square feet. Construction work of the first phase is progressing smoothly.

The project is expected to be well positioned to capture business opportunities from the development of the China (Guangdong) Pilot Free Trade Zone, the Greater Bay Area initiative, and fast-growing high-tech and innovative industries within the district. The opening of a nearby campus of a renowned Hong Kong university as well as primary and secondary schools with Hong Kong-based curricula in September 2022 has attracted more middle-class families and young talent to live and work in the vicinity.

Oriental Bund
Chancheng, Foshan
(50% owned)

Oriental Bund is a large-scale integrated development sitting on the bank of the Dongping River, Foshan. The project has easy access to Guangzhou town centre via the adjacent metro station of Guangfo metro line. Totalling about 30 million square feet, the project is being developed in phases, providing quality apartments and ample living facilities to its residents, including a kindergarten, an elementary school and well-distributed retail spaces. It is well positioned to benefit from the development of a high-tech and business park on the opposite bank of the river as well as initiatives of Guangzhou-Foshan integration.

Phases 1, 2 and 3A were virtually sold out and handed over before mid 2021, providing over 6,400 units with a total gross floor area of about 7.4 million square feet. Phase 3B, providing over 630,000 square feet of gross floor area in some 1,400 units, were well received with a substantial majority sold. Phases 4A and 4B, providing a total of about 1,400 units and some retail shops with a combined gross floor area of over 870,000 square feet, also achieved satisfactory sales responses. Units at Phases 3B, 4A and 4B were handed over to homebuyers in the second half of 2021.

Phases 4C and 5 will provide over 3,100 units with a combined gross floor area of about 3.4 million square feet. The sales response was encouraging with about 90% of units sold. These units are expected to be handed over to buyers by financial year 2022/23. Phase 6, a brand-new phase comprising over 1,500 units totalling about 1.9 million square feet, launched its sales campaign in mid 2022 with a positive market response. Units are scheduled for handover in 2024. Construction work of these phases is progressing smoothly.

Qingsheng Project, Guangzhou

Oriental Bund, Foshan

Property Development

The Woodland
Zhongshan 5 Road, Zhongshan
(Joint venture)

Located in the very heart of Zhongshan surrounded by plenty of educational and recreational facilities, The Woodland provides premium residences of over five million square feet that have set a new benchmark for quality urban living in the city. The project benefits from the expanding intercity transportation network in the Greater Bay Area, including the completed Hong Kong-Zhuhai-Macao Bridge and the Shenzhen-Zhongshan Bridge under construction.

The first four phases and Phase 5A were virtually sold out and handed over before the end of 2020, providing a total gross floor area of about 4.7 million square feet. This project has helped the Group establish its trusted brand in the Greater Bay Area with many accolades from homebuyers for its premium quality, impressive design and picturesque landscape gardens.

Phase 5B, which provides some shops and over 580 units in five towers with a total gross floor area of over 680,000 square feet, mostly enjoying verdant park views, has been topped out. The Group launched one of the five towers in June 2022 with all units sold. The remaining towers are expected to be put on the market in batches beginning financial year 2022/23. Phase 6, the last phase of the project, will provide low-density residential space of about 48,000 square feet. It is currently in the planning stage.

Grand Waterfront
Shilong, Dongguan
(100% owned)

Located in the centre of Shilong Town, Dongguan, Grand Waterfront is a large-scale residential development with a total gross floor area of about 4.5 million square feet. The project enjoys convenient transportation with a 15-minute ride to Dongguan Station, a major transportation hub in the city connecting high speed rail and a metro line. Enjoying sweeping views of Dongjiang and Shahe River, the project boasts an 800-metre-long green belt promenade along the riverside, featuring a relaxing and natural lifestyle.

The first two phases with a total gross floor area of over 1.8 million square feet were virtually sold out and handed over before 2018. These units boast modern design, chic clubhouses and lush landscapes.

Phase 3 provides over 1,100 waterfront units in six residential towers with a total gross floor area of over one million square feet. Since the end of 2020, the Group has launched over 700 units onto the market with satisfactory market response. Those units are being handed over to homebuyers in batches, starting from mid September 2022.

The Woodland, Zhongshan

Grand Waterfront, Dongguan

Jovo Town, Chengdu

Chengdu ICC, Chengdu

Other Cities

Jovo Town
Tianfu New Area, Chengdu
(91% owned)

Located in Tianfu New Area, a national-level new district focusing on modern manufacturing, high-tech and high-end service industries, Jovo Town is a signature residential development providing over 4,000 units with a total gross floor area of about 6.8 million square feet. The project is within about 10 minutes' walk to an interchange station of two existing metro lines. One of the lines is connected to Tianfu International Airport. This district is becoming more mature with abundant facilities such as an international exhibition-and-convention centre and an ocean park.

Phases 1 and 2, comprising residences with a total gross floor area of about 4.5 million square feet, were virtually sold out and handed over before 2017. Buyers were impressed by their premium quality, efficient layout and thoughtful management services.

Covering a total gross floor area of over 1.3 million square feet, Phase 3A provides over 900 units in total. Of these, about 360 units were launched in May 2022 and immediately sold out.

Chengdu ICC
Jinjiang, Chengdu
(40% owned)

Chengdu ICC is a mega integrated development with a total gross floor area of about 14 million square feet. The project is located atop an interchange station of two existing metro lines and within 10 minutes' drive to the Chengdu East Station, a major inter- and intra-city transportation hub in the southwest region. The project comprises over seven million square feet of quality residences, about two million square feet of stylish retail space, four million square feet of office space and a hotel, offering a unique work, shopping, entertainment and leisure experience for residents and visitors.

Phases 1 and 2A, providing a combined gross floor area of about 2.3 million square feet of residences, were virtually sold out and handed over before mid 2018. Buyers of these units were in favour of the picturesque scenery of the nearby Tazishan Park and Shahe River. Phase 2B, consisting of over 1,100 units with a total gross floor area of about one million square feet, was sold out and handed over.

The stylish shopping mall of some 1.4 million square feet in Phase 3, namely Chengdu ICD, was soft-opened in phases beginning in May 2022. Premium office space of nearly one million square feet in Phase 4A, namely One ICC, will be completed in the second half of 2022. Two ICC, another office tower in Phase 4B, comprising about 1.3 million square feet, is scheduled for completion in financial year 2023/24.

Property Development

Projects Under Development on the Mainland by Year of Completion

Project	Project Name	City
Scheduled for Completion in FY2022/23		
Xujiahui Centre Project Phase 3A	ITC	Shanghai
Pu Ming Road Project Phase 2C	Shanghai Arch	Shanghai
Hexi CBD Project Phases 2A & 2B	Nanjing IFC Mall / Andaz Nanjing	Nanjing
Chancheng Project Phases 4C & 5	Oriental Bund	Foshan
Shilong Project Phases 3A & 3B & 3C	Grand Waterfront	Dongguan
Dongda Avenue Project Phase 4A	Chengdu ICC	Chengdu
Year Total:		
Scheduled for Completion in FY2023/24		
Pu Ming Road Project Phase 3	Shanghai Arch	Shanghai
Minhang Project Phase 2	TODTOWN	Shanghai
Suzhou Project Phase 3A	Four Seasons Hotel Suzhou	Suzhou
Taihu New City Project Phase 8	Taihu International Community	Wuxi
Zhongshan 5 Road Project Phase 5B	The Woodland	Zhongshan
Dongda Avenue Project Phase 4B	Chengdu ICC	Chengdu
Year Total:		
Scheduled for Completion in FY2024/25		
Xujiahui Centre Project remaining phase	ITC	Shanghai
Minhang Project Phase 3	TODTOWN	Shanghai
Suzhou Project Phases 4 & 5 & 6	Suzhou ICC	Suzhou
Shiling Project Phase 3A	Park Royale	Guangzhou
Chancheng Project Phase 6	Oriental Bund	Foshan
Year Total:		
Scheduled for Completion in FY2025/26 or Beyond		
Minhang Project remaining phases	TODTOWN	Shanghai
Jianghehui Project[3]	Hangzhou IFC	Hangzhou
Suzhou Project remaining phases		Suzhou
Taihu New City Project remaining phase	Taihu International Community	Wuxi
Shiling Project remaining phases	Park Royale	Guangzhou
Guangzhou South Railway Station Project[3]	Guangzhou South Station ICC	Guangzhou
Nansha Qingsheng Project[3]		Guangzhou
Chancheng Project remaining phases	Oriental Bund	Foshan
Shilong Project remaining phases	Grand Waterfront	Dongguan
Zhongshan 5 Road Project remaining phase	The Woodland	Zhongshan
Shuangliu District Project remaining phases	Jovo Town	Chengdu
Dongda Avenue Project remaining phases	Chengdu ICC	Chengdu
Others		
Total for Projects to be Completed in FY2025/26 or Beyond:		

(1) Gross floor area including basement retail area; residential area including serviced apartments
(2) The Group has a 50% interest in the project
(3) Breakdown of the gross floor area is subject to further amendment
(4) The Group has a 45% and 50% interest in the River East and River West sites respectively

		Attributable Gross Floor Area (square feet)[1]			
Group's Interest (%)	**Residential**	**Shopping Centre/Shops**	**Office**	**Hotel**	**Total**
100	–	–	1,127,000	–	1,127,000
100	–	22,000	–	–	22,000
100	–	1,095,000	–	350,000	1,445,000
50	1,698,000	1,000	–	–	1,699,000
100	1,105,000	69,000	–	–	1,174,000
40	–	–	395,000	–	395,000
	2,803,000	**1,187,000**	**1,522,000**	**350,000**	**5,862,000**
100	466,000	–	–	–	466,000
35	291,000	–	–	–	291,000
90	–	–	–	297,000	297,000
40	–	–	182,000	–	182,000
JV[2]	345,000	36,000	–	–	381,000
40	–	–	518,000	–	518,000
	1,102,000	**36,000**	**700,000**	**297,000**	**2,135,000**
100	–	2,640,000	2,573,000	375,000	5,588,000
35	–	–	188,000	–	188,000
90	533,000	316,000	923,000	–	1,772,000
100	477,000	–	–	–	477,000
50	942,000	23,000	–	–	965,000
	1,952,000	**2,979,000**	**3,684,000**	**375,000**	**8,990,000**
35	154,000	502,000	–	75,000	731,000
JV[4]	736,000	1,069,000	2,480,000	199,000	4,484,000
90	145,000	–	–	192,000	337,000
40	–	–	–	143,000	143,000
100	3,945,000	4,000	–	–	3,949,000
100	2,947,000	1,401,000	4,665,000	323,000	9,336,000
100	–	861,000	2,401,000	–	3,262,000
50	5,263,000	1,384,000	925,000	109,000	7,681,000
100	1,507,000	–	–	–	1,507,000
JV[2]	24,000	–	–	–	24,000
91	802,000	–	–	–	802,000
40	1,789,000	143,000	589,000	147,000	2,668,000
	–	752,000	385,000	–	1,137,000
	17,312,000	**6,116,000**	**11,445,000**	**1,188,000**	**36,061,000**

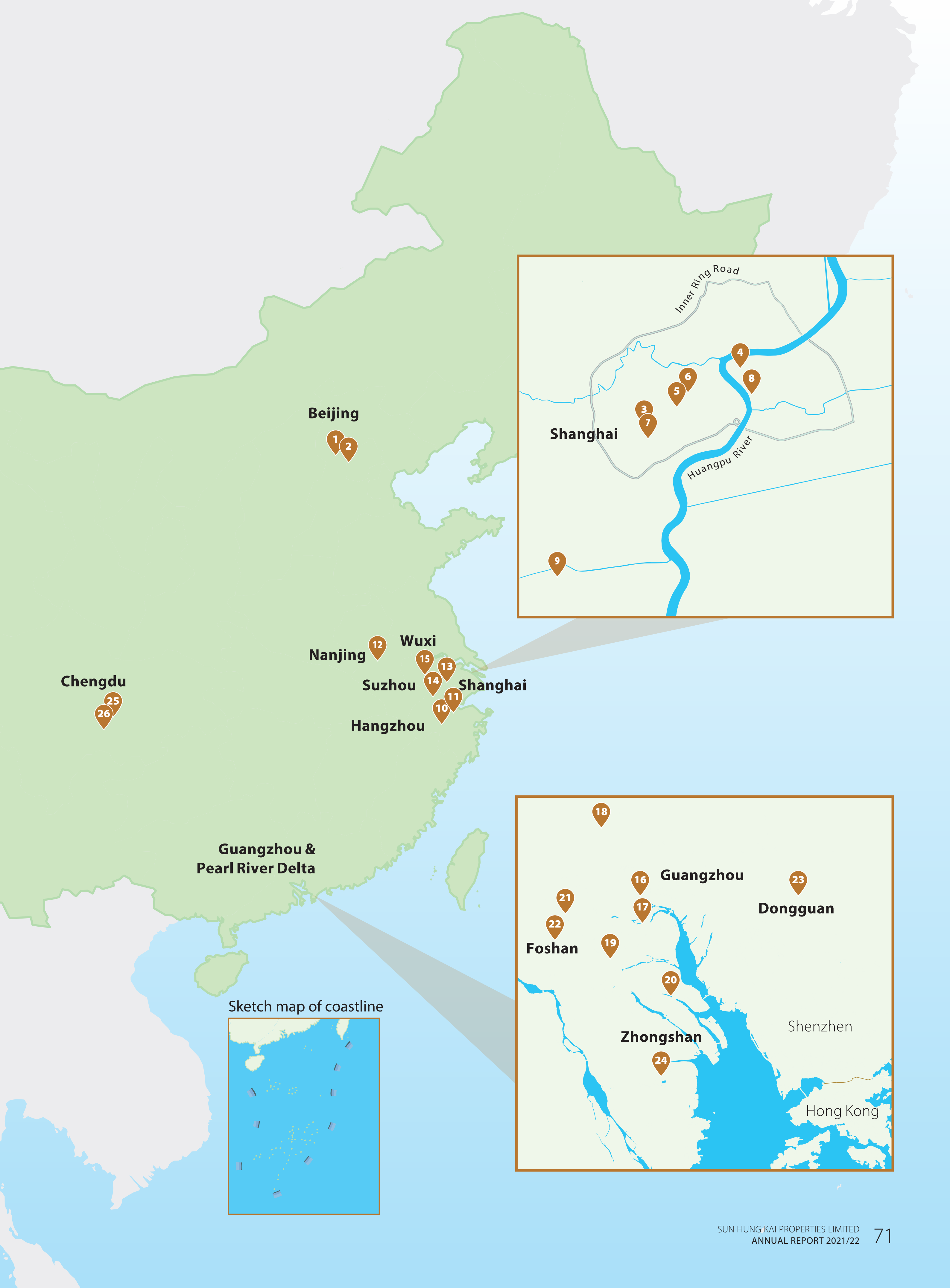
Property Development

Major Mainland Projects

Residential · Shopping Centre/Shops · Office · Hotel

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

(1) Excluding Hong Kong


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

Mainland Property Business
Property Investment

Shanghai IFC, Shanghai

Nanjing IFC, Nanjing

Property Investment

Shanghai IFC Mall, Shanghai

The Group holds completed properties of around 17.6 million square feet on the mainland in attributable terms, most of which are located in major cities with excellent transport connectivity retained for rental and long-term investment purposes. During the year, gross rental income of this portfolio increased by 4% to RMB5,428 million and net rental income rose by 5% to RMB4,555 million, including contributions from joint-ventures and associates. The healthy rental income growth in the first half of the year, mainly driven by the Group's premium shopping malls, was partially offset by impacts caused by the outbreak of the pandemic in Shanghai during the second quarter of 2022.

IAPM, Shanghai

Completed Properties

Shopping Centres

The Group owns a high-quality shopping mall network on the mainland totalling nearly eight million square feet of gross floor area in attributable terms. Situated at prime locations, the premises enjoy a convenient transport network with easy access to metro lines. The retail portfolio achieved impressive rental performance in the first half of the financial year, but was negatively affected in the second half as stringent containment measures were introduced in the second quarter of 2022, particularly in Shanghai. Footfall at malls also exhibited similar patterns, although the level of impact varied from city to city. Nonetheless, the overall occupancy of the portfolio stayed at a high level during the year.

In Shanghai, daily lives, business operations and industrial production have gradually resumed since early June 2022 as the pandemic began to subside. Footfall and tenant sales at the Group's shopping malls have been recovering, although it is expected to take some time before business can resume to the levels seen before mid March 2022. The Group has proactively helped tenants boost their sales.

Riding on their prime locations, easy connectivity, and precise market positions, the Group's malls in Shanghai are well placed to capitalize both on the near-term recovery and growth of domestic consumption over time. In Pudong, Shanghai IFC Mall is named as one of the top malls in the city, not only attributed

One ITC, Shanghai

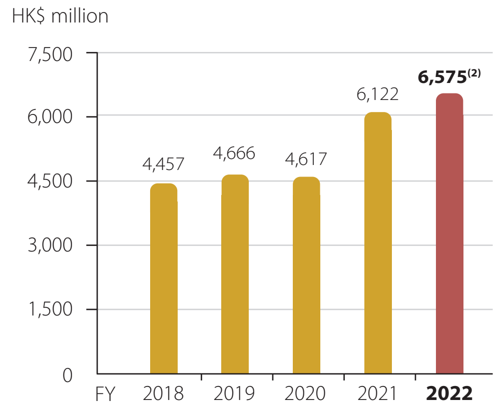
to an assortment of the finest international brands and dining options under the same roof, but also to the environmentally friendly designs, such as a fluid layout, attracting both locals and travellers over the past years. As a trend pioneer in Puxi, the IAPM mall has continued to enhance its brand and trade mix and remained connected to its customers through its digital marketing drive.

One ITC, part of the retail space of the mega ITC with a gross floor area of over 330,000 square feet, features a trendy and refreshing shopping ambience with outdoor landscapes and stylish architectural designs. The mall offers a unique combination of international brands, attracting regular visits from shoppers. Upon completion of other retail components, including a flagship mall of 2.5 million square feet, the whole ITC will certainly become a distinctive landmark in the city. Please refer to pages 77 and 78 for further details of the remaining parts of ITC.

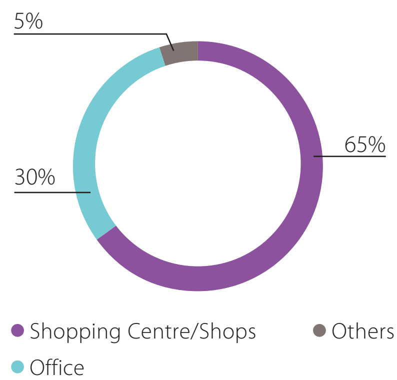
With a trade mix highlighting sporty and beauty zones, Beijing APM at Wangfujing in Beijing continued to appeal to the younger generations and maintained high occupancy during the year. The mall was also affected by the COVID-19 resurgence and subsequent containment measures during May and June 2022, although the impact was relatively moderate. A new access to the subway station, which opened in December 2021, not only significantly enhanced the mall's connectivity, but will also benefit the new retail zone in the basement area, which is scheduled to open in the second half of 2022.

During the year, Parc Central and IGC, the Group's joint-venture shopping malls in Guangzhou, continued to see high occupancies. Nevertheless, tenant sales and traffic flow were

Gross Rental Income on the Mainland[1]



Gross Rental Income on the Mainland by Sector[1]



(1) *Including contributions from associates and joint ventures*

(2) *Gross rental income in terms of RMB amounted to RMB5,428 million*

IGC, Guangzhou

Property Investment

Beijing APM, Beijing

Parc Central, Guangzhou

somewhat affected by the intermittent anti-pandemic measures in selected districts in the city. By making use of its green landscape and spacious open areas, Parc Central in Tianhe District regularly hosts experimental marketing events to attract youngsters. In Zhujiang New Town, IGC, the retail portion of Tianhui Plaza, is seamlessly linked to a metro station. To appeal to more young families in the vicinity, the mall during the year further strengthened its beauty cluster and introduced popular restaurants.

The Group further expanded its retail footprint to Chengdu this year. Being the retail component of the Chengdu ICC integrated complex, in which the Group owns a 40% interest, Chengdu ICD offers a diverse and unique trade-and-tenant mix in about 1.4 million square feet of retail floor area. Three direct access points connect the mall basement to the nearby Dongda Road metro station, offering local families and the office population an all-weather shopping environment in the neighbourhood. The mall held its soft opening in mid May 2022.

Chengdu ICD, Chengdu

Offices

The Group owns a premium office portfolio on the mainland, comprising more than six million square feet in attributable terms. This office portfolio has been widely known for its high building quality and specifications, refreshing green elements, and professional property management services. Located in prime locations of major cities with excellent transport connectivity, the Group's office buildings on the mainland are complemented by diversified retailers in the shopping malls of the respective integrated projects. During the year under review, the office portfolio performed steadily with modest rental growth despite a competitive and challenging operating environment.

Shanghai IFC integrated complex, comprising the twin-tower office, Shanghai IFC Mall, The Ritz-Carlton Shanghai, Pudong, and IFC Residence serviced suites, is the Group's iconic development in Shanghai. Office and retail spaces within the complex received LEED Platinum certification. Office tenants, including renowned financial institutions and multinationals, lauded its outstanding building quality, office amenities, and customer services. Under the strict anti-pandemic measures during April and May 2022 in the city, the Group demonstrated its care and attentiveness by providing daily needs such as convenient shower and sleeping facilities for office tenants with essential business operations. During the year, the overall occupancy and rental performance of office spaces at Shanghai IFC remained relatively resilient. Please refer to pages 74 and 75 for details of Shanghai IFC Mall.

Shanghai ICC, consisting of two premium high-rise office towers, the IAPM shopping mall and Shanghai Cullinan residences, sits adjacent to an interchange station with three metro lines in the Puxi core commercial area. With its LEED Platinum certification, exceptional building specifications and excellent transport connectivity, Shanghai ICC office space continued to draw leasing demand from quality tenants of various industries. During the year, the two office towers performed relatively well with healthy overall occupancy and a modest increase in rentals. Please refer to page 75 for more details of IAPM.

Offices at the first two phases of the integrated ITC development in Shanghai, with a combined gross floor area of 491,000 square feet, were completed by 2018. Complemented by retail facilities within the development and easy access to metro lines, the two phases of office towers attracted demand from major corporates of various trades. The overall occupancy remained at a high level with satisfactory rentals recorded during the year. The connectivity of different phases at ITC will be significantly improved with the additions of footbridges. Please refer to page 75 for more details of the mall at the first phase.

The remaining phase of ITC will include two office skyscrapers. The recently completed 220-metre-tall office tower features international-specification standards and several floors with exceptional ceiling heights, strongly appealing to major corporations and financial institutions with trading floors and frequent needs for holding large-scale conferences. Its anticipated LEED Platinum and WELL Platinum certifications will attract more eco-conscious tenants. All these together with the upcoming 370-metre-tall skyscraper will form a premium office cluster with a strong competitive edge in Puxi, Shanghai. Leasing negotiations for the 220-metre-tall office tower have restarted, and the tower is ready for tenants to move in. For more details of the remaining ITC phase, please refer to page 78.

The 220-metre-tall office tower at ITC, Shanghai

Nanjing Two IFC, Nanjing

Totalling a combined gross floor area of about two million square feet, the two grade-A office towers at Nanjing IFC integrated project offer premium office space with magnificent river views at Hexi CBD in Nanjing. Situated atop a metro interchange station of two existing lines, the office towers boast sumptuous lobby entrances as well as practical designs and layouts, setting a new standard for grade-A office towers in the city and attracting tenants from various industries, including asset management, insurance and other professional services. Tenants and visitors will soon enjoy shopping, dining and accommodation convenience, backed by the synergy created by the upcoming opening of Nanjing IFC Mall and Andaz Nanjing Hotel. During the year, Nanjing One IFC registered reasonable rental levels, while the leasing activity of Nanjing Two IFC experienced intermittent disruptions resulting from the pandemic. Please refer to pages 78 and 79 for more details of Nanjing IFC Mall.

Amid keen competition, the Group is committed to further bolstering the competitive edge of its properties on the mainland through the introduction of asset enhancements. To upgrade its common facilities, Sun Dong An Office Tower in Wangfujing commercial district in Beijing, comprising quality office space of some 460,000 square feet, is currently under renovation. While the renovation may have some short-term impact on its occupancy, the competitiveness of Sun Dong An Office Tower will be further enhanced upon completion of its renovation by the end of 2023. Please refer to page 75 for details of Beijing APM, the shopping mall beneath Sun Dong An Office Tower.

Property Investment

Major Completed Property Investment on the Mainland

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

Properties under Development

The Group continued to adhere to its focused and selective approach to expand on the mainland, concentrating on developing large-scale integrated complexes in strategic locations of major cities. With the gradual completion of such projects over the next few years, the Group's portfolio of completed properties for investment on the mainland will be well positioned to capture the expansion of domestic demand and business opportunities brought about by long-term growth prospects.

ITC currently under construction is the Group's latest addition to its integrated developments in Shanghai. The first two phases of the mega project, with a combined gross floor area of 872,000 square feet, have been completed and already in operation. The last phase, spanning about 6.7 million square feet of gross floor area, comprises a recently completed 220-metre-tall office tower, a 370-metre-tall office skyscraper, a 2.5-million-square-foot flagship mall and the Andaz Shanghai ITC hotel. Construction has gradually resumed though it was affected by disruptions caused by the pandemic during most of the second quarter of 2022.

(1) *Excluding Hong Kong*

Upon completion of the 370-metre-tall office tower in late 2024, the entire office cluster at ITC will become a highly sought-after business address in the city, providing superb office premises to major companies of various trades. This will create synergy with the ITC's retail components, including the mega shopping mall which will house a variety of shops such as entertainment and experiential offerings. With its flexible designs and ample greenery and outdoor space, the mall will provide customers with a trendy ambience, a refreshing experience and new discoveries. Upon full completion, the various phases of ITC will be linked with other buildings in the neighbourhood and are expected to become a preferred destination choice for work, shopping, entertainment and gathering in the city. Please refer to pages 75 and 77 for details of completed phases of the project.

Nanjing IFC Mall is the retail component of the Group's landmark integrated project Nanjing IFC in Hexi CBD in Nanjing. The podium mall boasts a total gross floor area of about one million square feet and is expected to become a new paradigm for high-end shopping malls in the city. Featuring a western garden theme, the mall will house over 220 shops, including well-known international brands along with renowned Michelin-starred and Dianping Black Pearl restaurants at the

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

upper zone to meet the needs of gourmet hunters in Nanjing. Pre-leasing activities have seen good progress in securing a number of quality international retailers. Construction of the mall has been recently completed, and the dynamic shopping destination is scheduled to open in phases from 2023 onwards. For more details of Nanjing IFC's office component, please refer to page 77.

Hangzhou IFC, a joint-venture integrated project situated in Qianjiang New City CBD in Hangzhou, is conveniently connected to two metro stations. To be developed in phases, Hangzhou IFC has a total above-ground floor area of about nine million square feet, consisting of offices, a shopping mall, residences, serviced apartments and hotels. To transform both sites into a green and smart community, the project will feature lush landscaped gardens among the facilities and adopt seamless connection concepts linking various parts on both sides of the canal. Offices held by the Group for long-term rental purpose are targeted to obtain LEED and WELL Platinum certifications. The first batch of residential units was sold out on debut in July 2022 and the respective proceeds from the sale will help fund the future construction cost of the project. Construction is under way. Upon its full completion, this mega development will become a preferred destination for culture, travel, living, working and shopping activities in the CBD of the city. For more details of the project, please refer to page 62.

The Group's footprint in the Greater Bay Area will be further expanded with the addition of the Guangzhou South Station ICC project which is next to the Guangzhou South Railway Station. Comprising grade-A offices, an upmarket shopping mall, quality residential units and apartments with a combined 9.3 million square feet of total gross floor area, this landmark project will be developed in phases and over 50% of the floor area can be offered for sale. This transport-oriented development will enjoy easy access to well-established metro-line and high-speed railway networks. Despite occasional COVID cases in selected areas of Guangzhou, piling works at its first phase have been completed. Leveraging the Group's development experience and concepts of IFC and ICC in Hong Kong, the Guangzhou South Station ICC project will create synergy with the Group's High Speed Rail West Kowloon Terminus Development in Hong Kong. Upon their full completions, both projects will better serve the growing business needs in the Greater Bay Area. For more details of the project, please refer to page 64.

Property Related Businesses

The property management team helps distribute anti-pandemic kits to residents

Providing comprehensive and attentive service

Property Related Businesses

Four Seasons Hotel Hong Kong

Hotels

Hong Kong's hotel industry saw a silver lining amid a well-contained pandemic situation in the second half of 2021, but the fifth wave of COVID-19 that broke out early this year brought the industry to a standstill for a few months. With the gradual relaxation of social distancing measures since April 2022, the industry has shown signs of improvement.

During the period under review, the Group's hotel portfolio in Hong Kong, comprising 13 hotels, continued to face great challenges. Nevertheless, the operating revenue showed moderate increase with higher occupancies for most of its hotels. One of the major reasons behind this overall improvement is that the hotel management team changed the business model of some hotels to better suit the latest market demand. The performance of the five Royal brand hotels, Hyatt Centric by Victoria Harbour Hong Kong, Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East performed satisfactorily with an average occupancy of about 80%. The Group's luxury hotels, however, continued to be severely affected by the lack of international visitors. On the mainland, the Group's three hotels in major cities, particularly The Ritz-Carlton Shanghai, Pudong, also experienced a difficult operating environment caused by the intermittent pandemic.

Hong Kong Portfolio

The Group stepped up the hygienic measures in its hotels as the pandemic continued to linger during the year. Staff were required to take rapid antigen tests before going to work, and service robots were widely used to reduce physical contact between staff and guests. The Group also took initiatives to diversify revenue streams, improve efficiencies and retain talent.

Asset Enhancements

The Group further enhanced the appeal of its hotels through renovating guest rooms to bring a refreshing experience to its customers. Four Seasons Hotel Hong Kong in the IFC complex completed a transformation, elevating guests' experience with a set of completely redesigned guest rooms and suites. Royal Park Hotel in Sha Tin is undergoing renovation. The first batch of its renovated guest rooms were put back into service at the end of the reporting year. The Group's hotel portfolio in Hong Kong was further strengthened with the opening of The Silveri Hong Kong-MGallery in Tung Chung, in which the Group owns a 26.7% interest. The hotel provides 206 rooms and is set to benefit from its proximity to the Hong Kong International Airport over the long term.

The Royal Garden, Hong Kong

The Ritz-Carlton, Hong Kong

Expansion of Marketing Channels

During the year, the Group implemented a series of strategies to expand the customer base of its hotels. Through Go Royal, Hong Kong's largest hotel and shopping loyalty programme launched in early 2022, the five Royal brand hotels strengthened their bonding with existing customers and increased their reach to potential customers. Additionally, in conjunction with The Point, the integrated customer loyalty programme for SHKP malls, Go Royal not only offered members such privileges as hotel dining, stay, leisure and shopping, but also assisted participating hotels' to increase their appeal to The Point's members, a synergistic effect resulting from close collaboration between the Group's business arms.

The Group's hotels strategically used online platforms to broaden customer reach and carried on with efforts to diversify the products of their e-shops, which has become an increasingly important sales channel for rooms, food and beverage, gourmets, stylish gifts and more. The hotels also participated in the Staycation Delights programme launched by the Hong Kong Tourism Board to further expand their customer base.

Flexible Business Models

To better meet market demands arising from the pandemic and the changing preference of guests, the Group effectively fine-tuned the business models of its hotels. Three of the Group's hotels, including W Hong Kong at ICC, West Kowloon, Crowne Plaza Hong Kong Kowloon East atop MTR Tseung Kwan O Station and Royal View Hotel in Ting Kau, became designated quarantine hotels. In addition to offering hassle-free residence, Crowne Plaza Hong Kong Kowloon East and W Hong Kong provided guests with online workout classes which were commended for enlivening their quarantine stay.

Royal Plaza Hotel, Hong Kong

W Hong Kong

Property Related Businesses

Royal Park Hotel, Hong Kong

ALVA Hotel by Royal, Hong Kong

The Group's diversified hotel portfolio also provided a greater variety of room packages during the year. Capitalizing on business opportunities brought by the trend of working away from office, Hyatt Centric Victoria Harbour Hong Kong in North Point, The Royal Garden in Tsim Sha Tsui and ALVA Hotel by Royal in Sha Tin introduced 'work from room' packages — day use packages which allow guests to work efficiently in a quiet and comfortable environment.

In addition, the Group's hotels continued to offer more flexible long stay packages, some of which were pet friendly while others accommodated the needs of customers who might be having a home makeover or need a comfortable private living space. Sitting atop MTR Tseung Kwan O Station, Holiday Inn Express Hong Kong Kowloon East continued to be popular with customers who were attracted by its convenient transport network, cozy environment, attentive service and proximity to retail and community facilities.

Unconventional Hospitality Experience

With distinctive facilities such as luxury spas, infinity pools and award-winning food and beverage outlets, the Group's hotels enable customers to escape from the hustle and bustle of the city yet being able to remain there. During the year, the hotels enriched their staycation packages with the introduction of new facilities and special workshops, creating memorable experience for guests who wanted to enjoy a getaway with their loved ones.

The Group's two hotels in Sha Tin, ALVA Hotel by Royal and Royal Park Hotel, and The Ritz Carlton, Hong Kong attracted customers with innovative wellness and family-friendly elements. While ALVA Hotel by Royal organized guided bike tours led by professional cyclists, Royal Park Hotel provided guests with a wellness journey through its cycling tours and rock-climbing packages. Set on the upper floors of ICC, The Ritz Carlton, Hong Kong presented science and YouTuber workshops for children in addition to its junior aviator programme.

Royal View Hotel, Hong Kong

Hyatt Centric Victoria Harbour Hong Kong

Crowne Plaza Hong Kong Kowloon East

The Ritz-Carlton Shanghai, Pudong, Shanghai

Gastronomic Journey

The Group's hotels continued to strengthen their positioning as go-to places for international cuisine, including fine dining. In Four Seasons Hotel Hong Kong, popular restaurants Lung King Heen, Caprice and Sushi Saito gained a total of seven Michelin stars in 2022, the highest number of stars under one roof in Hong Kong. Tin Lung Heen and Tosca di Angelo in The Ritz Carlton, Hong Kong were Michelin starred for the tenth and ninth year in a row respectively. The Royal Garden continued to appeal to customers who wanted to dine in a graceful environment. Dong Lai Shun and Sabatini Ristorante Italiano retained a four-star rating in the *Forbes Travel Guide* in 2022. Royal Plaza Hotel next to MTR Mong Kok East Station was popular with buffet lovers who were attracted by its feasts with good value for money.

To tap into a surge in demand for dine-at-home services, the hotels presented more takeaway and delivery delicacies, including dishes from Michelin-starred restaurants. The strategy helped expand the reach of the hotels. In addition, the Group's hotels strived to boost their banquet business following the phased relaxation of social distancing measures in Hong Kong since the second quarter of 2022.

Holiday Inn Express Hong Kong Kowloon East

Mainland Portfolio

The year under review also saw the Group's three hotels in major cities battle with a difficult operating environment caused by the pandemic. The Ritz Carlton Shanghai, Pudong attained five-star ratings from *Forbes Travel Guide* for both the hotel and its spa. Nevertheless, the hotel continued to be hard hit by the absence of international travellers and stringent containment measures amid the pandemic. Its occupancy dropped meaningfully during the year. Performance of the Group's two joint-venture hotels, Park Hyatt Hangzhou and Conrad Guangzhou, varied. The former was less affected by the pandemic. Both hotels introduced extended stays and attractive room packages to meet the local demand for business and leisure requirements.

Despite the current challenging operating environment, the Group is optimistic about the long-term prospects of the hospitality industry. Backed by the Central Government's dual circulation strategy, the Group remains positive about developing premium hotels in its integrated developments in major cities. A five-star boutique hotel within the Nanjing IFC complex, Andaz Nanjing in Hexi, is scheduled to open in the second quarter of 2023. This hotel will provide 362 rooms, and guests will be able to enjoy the city view of Nanjing from its top-floor meeting and dining space. Four Seasons Hotel Suzhou on the southern bank of Jinji Lake in Suzhou is expected to open in the second half of 2023. It will offer 210 guest rooms, including 11 luxurious villas on the lake front. Scheduled for completion in 2024, the Andaz Shanghai ITC hotel, part of the Group's ITC integrated project in Shanghai, will comprise over 260 guest rooms and provide a new distinctive lifestyle.

Property Related Businesses

Leveraging new technologies to provide efficient daily management service

Digitalization of repair and maintenance through leveraging VR and AR technologies

Property Management

As key players in the property management industry, the Group's subsidiaries Kai Shing Management Services Limited and Hong Yip Service Company Limited have continued to strengthen their commitment to quality and joined hands with customers to overcome challenges arising from the pandemic. The two companies have constantly upgraded their facilities and enhanced their people-centric services both in Hong Kong and on the mainland, bringing customers a sense of togetherness with a trusted company. Such efforts have allowed the Group to gain more confidence from homebuyers and property users, enhancing its competitiveness and branding.

As at 30 June 2022, the total gross floor area managed by Hong Yip and Kai Shing increased to 276 million square feet. New undertakings included Regency Bay, Wetland Seasons Park Phases 2 and 3 in Hong Kong along with Chengdu ICD in Chengdu and Lake Genève Phase 2A in Suzhou on the mainland.

Since the outbreak of the pandemic, the hygiene standards of their managed properties have been elevated through a wider use of contactless devices and robots to handle automatic disinfection, food delivery and route guidance to prevent the spread of the virus. Residents under quarantine were also assisted in terms of procuring food, medicines, and other necessities. In addition, the two subsidiaries demonstrated considerable flexibility in their allocation of resources, allowing them to swiftly distribute the anti-pandemic service bags provided by the HKSAR Government to residents.

The anti-pandemic efforts of the two companies won high praise from building users both in Hong Kong and on the mainland. For example, the companies assisted in PCR testing, offering a safe and hygienic environment for residents to undergo the test. In Shanghai, property management staff were lauded for helping the Group's office tenants meet technical challenges for remote working during the two-month lockdown. Some staff members even stayed at the Group's buildings for prolonged periods to take care of the residents or tenants.

The well-being of employees is also one of the priorities of the two companies. Employees were provided with vaccination incentives as well as high-grade protective masks, rapid test kits, health drinks and vitamin supplements. When Hong Kong was at the peak of the pandemic, Kai Shing and Hong Yip swiftly redeployed clubhouse staff to cope with the increased workload of different frontline teams, allowing them to serve customers with greater efficiency. On the mainland, frontline staff working under closed-loop management were provided with decent meals and sufficient daily necessities to ensure minimum inconvenience at work.

Hong Yip and Kai Shing's outstanding anti-pandemic performance earned them wide acclaim from residents, tenants, shoppers and the community. During the year, Kai Shing won a Management Award for Business Resilience & Community Contribution (Innovation for Excellence) and a Grand Award from Hong Kong Quality Assurance Agency. Hong Yip received gold seals in the same contest.

To ensure a high level of service quality, safety and operational efficiency, the companies have kept abreast of technological development in property management. About 90% of their managed properties are integrated with smart technology, including such digital solutions as Internet of Things (IoT), big data and cloud computing, which have been applied to a wide range of facilities to allow real-time monitoring of respective systems. Hong Yip leveraged IoT to develop a Smart Ventilation Blind System, enabling automatic closure of the ventilation blinds of electrical and mechanical rooms when under threat of a rainstorm. Kai Shing uses virtual reality (VR) and augmented reality (AR) to digitalize its maintenance and security inspections.

Both Kai Shing and Hong Yip made a pledge of support to ESG principles. Kai Shing was the first property management company in Hong Kong to join the SDG World Records initiative, which was acknowledged by a certificate from SocietyNext Foundation, UNESCO HK Association Glocal Peace Centre and Rotary Action Group for Peace. Hong Yip participated in Business with Purpose, a platform jointly launched by the Hong Kong Management Association and Social Ventures Hong Kong to promote sustainability. Its sustainability efforts were recognized by an ESG award from *YaZhou Zhoukan*.

As part of their effort to save energy and reduce carbon emissions, the two companies have implemented retro-commissioning solutions to optimize operational performance. The application of Cloud-based Big Data Chiller Optimization Energy Management System by Kai Shing in shopping malls has significantly enhanced energy efficiency. To promote the use of electric vehicles (EV), both companies have helped existing homeowners of their managed properties install EV chargers, and Hong Yip has implemented a plan to switch all of its cars to EVs by 2030. As a keen promoter of renewable energy, the two companies have continued to install solar panels on the rooftops of their managed buildings. In addition, Hong Yip has committed to purchasing renewable energy certificate (REC) from CLP Power Hong Kong Limited for the next 10 years, which is equivalent to offsetting about 240 tonnes in carbon emissions. Kai Shing has supported renewable energy projects through its acquisition of International Renewable Energy Certificates (iREC) for ICC, an internationally recognized way to offset part of the tower's greenhouse gas emissions. Such initiatives help the two companies reduce their carbon footprint.

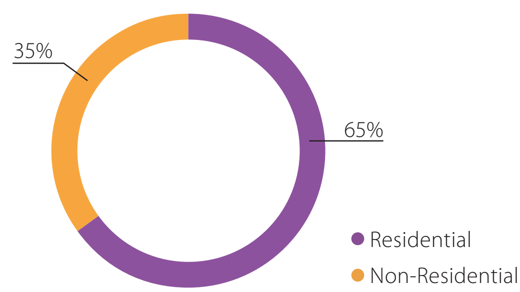
Eco-parks in estates allow residents to experience natural farming

Motivating property users to practise low-carbon living is also a major issue on the Group's sustainability agenda. Apart from providing recycling facilities to promote a green culture, some of the properties managed by its Kai Shing and Hong Yip carried out free one-stop audits of food waste, energy and carbon for residents, allowing them to realize their environmental performance and obtain tips for improvement. During the year, the two companies' effective green measures earned them three gold awards for the Group's properties, including V City, YOHO Midtown and Wonderland Villas, in the 2020 Hong Kong Awards for Environmental Excellence co-organized by the Environmental Campaign Committee, the Environmental Protection Department and nine organizations.

Hong Yip and Kai Shing's success in optimizing their property management was recognized by Grand Awards of Existing Buildings Category: Facilities Management in the Green Building Award 2021, a prestigious contest co-organized by the Hong Kong Green Building Council and the Professional Green Building Council. They also scooped almost 60 honours in the Excellence in Facility Management Awards 2021 organized by The Hong Kong Institute of Facility Management.

The Group's property management arm has strived to contribute to the professional development of the industry. Kai Shing provides employees with diverse training organized by its KS Service Excellence Academy. Management-level staff with great potential were selected to join a two-year training programme. As the only company to have received the ERB Excellence Award for Employers for 12 consecutive years, Hong Yip is the city's first property management company to launch programmes that are equivalent to level four under the Hong Kong Qualifications Framework through its People Development Academy. It is also the first company in the industry to leverage VR and AR to train employees. The reporting year also saw Kai Shing and Hong Yip presented with the Employer of Choice Award by *JobMarket* and named Employer of the Year in *CT goodjobs'* Best HR Awards 2021.

Floor Area Managed by Hong Yip and Kai Shing by Usage



Property Related Businesses

Maintaining high quality construction standards as the top priority

Construction

The Group's construction division, comprising Sanfield (Management) Limited and its wholly-owned subsidiaries and fellow subsidiaries, operates in construction-related businesses and other services for the Group and third parties. The services include landscaping, installation of electrical and fire-prevention systems, production and installation of wooden doors, and leasing of construction plant and machinery.

The year under review was a difficult period for the Group's construction division. With a rapid surge of COVID-19 infections in Hong Kong during the first few months of 2022, the division had to tackle such severe impacts as a sudden reduction of site workers, local supply-chain disruptions arising from a standstill of cross-border truck transportation, rising costs due to swift changes to marine transport, global supply-chain disruptions caused by a surge in oil prices, and uncertainties over the delivery of raw materials. While all these factors have severely affected construction planning and progress, the division has made every effort to meet critical milestones and minimize the rise in construction costs.

The division has continued to adopt new ideas and seek alternative construction methods and materials to enhance productivity, bringing long-term benefits to the Group and the industry. With the aim of innovating the construction process, a new sub-division was set up during the year to invest in different ventures. Meanwhile, the division has continued to re-engineer and digitalize processes and procedures, and promote full deployment of Building Information Modelling (BIM) technology throughout the design and construction chain. The adoption of Design for Manufacturing and Assembly (DfMA) is also on the top of its agenda.

During the year, the division completed eight residential developments totalling 3.6 million square feet of construction floor area. The completed developments included Wetland Seasons Bay Phases 1 and 2, Wetland Seasons Park Phases 2 and 3, Regency Bay, St Michel Phase 1, Victoria Harbour II, Central Peak Phase 2, Prince Central and the remaining phase of PARK YOHO.

Major residential developments in progress included Kennedy 38, projects at New Kowloon Inland Lot No. 6558, New Kowloon Inland Lot No. 6551, 233 Prince Edward Road West, St Michel Phase 2, Silicon Hill, Wetland Seasons Bay Phase 3, NOVO LAND, The YOHO Hub and Tin Wing Station Development. Major non-residential developments in progress included commercial developments at 222-228 Wan Chai Road and 98 How Ming Street in Kwun Tong, two data centres MEGA IDC and MEGA Gateway, and projects at New Kowloon Inland Lot No. 6550 as well as a site adjoining 252 Texaco Road and 28 Wang Lung Street in Tsuen Wan. Various asset enhancement works are also in progress with major projects including Dynasty Court, WTC mall, New Town Plaza, YOHO Mall, East Point City, Millennium City 1, Royal Park Hotel and Advance Technology Centre. The division also takes part in construction management of the Group's development projects on the mainland.

To strengthen monitoring and control of building structure and quality, during the year the division increased its stakes in two associated companies which operate in concrete and precast-concrete-unit production. Through taking full ownership of these companies, the division is able to ensure full participation and control of nearly all the critical areas in the construction cycle, providing strong support to the Group's property business.

Insurance and Mortgage Services

Sun Hung Kai Properties Insurance Ltd., a wholly-owned subsidiary of the Group, recorded significant underwriting profits during the year with satisfactory growth in premium volumes. Nevertheless, due to the volatility of the global asset and investment markets during the past 12 months, overall profit declined compared with the previous year. Looking forward, the company is committed to further strengthening its investment strategy to achieve better yields. In addition, it will continue to adhere to its consistent operational approach and prudent risk-control measures. The company is confident of its business prospects.

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

Telecommunications and Information Technology

New features demonstrating 5G applications at SmarTone's 5G LAB

MEGA IDC, SUNeVision's data centre in Tseung Kwan O, is under development

Telecommunications

During the year under review, despite a competitive mobile market, SmarTone improved its core profitability and was able to benefit from an ongoing 5G migration, which contributed towards both service revenue and ARPU growth. Roaming revenue of the company experienced an early sign of rebound from the modest recovery in international travel. Its cost-optimization programme launched in recent years continued to deliver sustainable savings and enhanced operational efficiency without compromising service quality.

Exceptional network performance and customer-centricity are the cornerstones of SmarTone's customer proposition. SmarTone will further enhance its network performance by deploying the 3.5GHz/4.9GHz bands to provide even greater capacity and the 700MHz and 850MHz bands to improve indoor coverage. The company has invested to increase the use of advanced predictive analytics tools such as artificial intelligence to develop a deeper understanding of customers' experience, allowing it to develop and introduce products and services that are tailored to customers' needs.

During the peak of the fifth wave of the pandemic, SmarTone built out its 5G network to provide coverage for all community isolation facilities which had no network infrastructure. The most urgent build-out was completed in just two weeks. This benefitted not only SmarTone customers but also all residents staying at such facilities, as the company offered free SIM cards for all. In addition, SmarTone provided smartphones and free basic mobile service to help elderly citizens use the LeaveHomeSafe app.

While the operating environment remains challenging, the company has shown resilience and is in good stead to capture the significant opportunities arising from the ongoing customer migration to 5G as well as the growth engines in enterprise solutions and 5G Home Broadband. The company will continue to focus on operational efficiency and cost effective operations. The Group is confident in SmarTone's prospects and will continue to hold its stake in the company as a long-term investment.

Information Technology

During the year under review, SUNeVision continued to see healthy business growth, driven mainly by demands from both existing and new customers. The process of digitalization for businesses and consumers continues to accelerate on the back of an increasing cloud adoption and increased 5G usage, leading to a sustained increase in demand for data centres.

SUNeVision is entering a new chapter of growth with the launch of three new data centres. MEGA Fanling, the company's eighth data centre, began operation in June 2022. Utilizing an asset-light model, SUNeVision managed to achieve a short time-to-market cycle of less than 12 months. To be operational shortly, MEGA Gateway, a greenfield project in Tsuen Wan, is in its final phase of testing. MEGA IDC, SUNeVision's flagship greenfield project in Tseung Kwan O, is built on a site dedicated for data centre development with superior infrastructure and power capacity. It is free from subletting restrictions which are placed on sites in the nearby industrial estates. Phase 1 of MEGA IDC is targeted to open in the first half of 2023.

With the completion of these projects, the total gross floor area of the company's data centres in Hong Kong will grow from the current 1.5 million square feet (including MEGA Fanling) to almost three million square feet. The company's power capacity will increase from the current 80MW (including MEGA Fanling) to over 280MW to meet increasing customer demands. The two greenfield projects have already drawn pre-commitments and keen interest from customers.

SUNeVision also successfully tendered for a site at Chung Hom Kok in March 2022 to develop its second landing station for international submarine cables, following the launch of its first landing station, HKIS-1, last year. The addition of cable landing stations to its data centre portfolio is expected to further strengthen SUNeVision's position as the leading connectivity hub in Asia. SUNeVision will continue to actively source opportunities for future growth and invest in best-in-class infrastructure and services, including the adoption of ESG measures to serve its customers.

Infrastructure and Other Businesses

Wilson Parking, Hong Kong

KMB's new-generation electric buses

Transport Infrastructure Operations and Management

Wilson Group, Hong Kong's leading transport infrastructure asset management and smart mobility solutions provider, is a wholly-owned subsidiary of the Group. The company is engaged in parking, tollways, technology and smart mobility, managing some 370 public and private car parks and 100,000 parking bays in the city, including those under the Transport Department and Hong Kong International Airport (HKIA). On the mainland, the company manages a total of 29 car parks and some 20,000 parking bays.

The company performed satisfactorily throughout the year despite challenges brought by the pandemic, both in Hong Kong and on the mainland. It is the first and only car-park operator in Hong Kong to have won the top Platinum award in the *Reader's Digest* Trusted Brand Awards for 10 consecutive years.

In Hong Kong, Wilson Group continued to deploy its innovative online monthly parking solution, i-monthly, to mitigate the impact of social distancing restrictions on its parking business. This system has been widely accepted by the company's monthly parking customers with close to 100% utilization. Following the introduction of contactless parking functions which had upgraded its car park system infrastructure, the company introduced Hong Kong's first fully integrated EV charge zone at its Admiralty Car Park during the year.

Wilson Group has been awarded a smart parking contract for HKIA, T2 expansion, as well as speed-enforcement camera system contracts for Hong Kong's road network. In conjunction with its 50%-owned subsidiary, Autotoll, the company also further strengthened its leading position in the provision of smart mobility solutions, having been awarded all Government contracts for the design, build, maintenance and operation of Hong Kong's new free-flow tolling system.

In April 2022, Wilson Group's tollway division successfully renewed its management contract for the Scenic Hill Tunnel and Airport Tunnel. The company also continued to operate and maintain Tsing Ma Control Area, Tsing Sha Control Area, Route 3 (CPS), Aberdeen Tunnel and Tuen Mun — Chek Lap Kok Tunnel.

The Group owns a 70% stake in the Route 3 (CPS) Company Limited, which has operated the dual three-lane expressway between Yuen Long and Ting Kau under a 30-year build-operate-transfer franchise from 1995. Tai Lam Tunnel and Tsing Long Highway offer a faster and safer expressway for commuters to directly travel from the mainland and northwest New Territories to urban areas. Despite persistent adverse impacts from social distancing restrictions and cross-border traffic controls, the company has continued to upgrade its safety and security systems. In early 2022, solar panels were installed on the roof of its administration building, the first tunnel facility to adopt green energy as part of its operations.

The publicly listed Transport International Holdings Limited (TIH) is engaged in the largest franchised public bus operations in Hong Kong through The Kowloon Motor Bus Company (1933) Limited (KMB) and Long Win Bus Company. The Group owns a 41.1% stake in TIH. Bus ridership was seriously affected by the decline of economic activities amid the pandemic and the continuous expansion of railway services. This, together with the persistently high fuel prices that increased operating costs, has posed a strong challenge to the business environment.

In view of the infrastructure and housing developments in Hong Kong, KMB has expanded its bus network by taking an initiative to provide service in areas which are not covered by the railway network. To elevate customer experience, the two franchised bus companies have continued to upgrade their technology applications, including the introduction of electronic payment systems on a full scale and the provision of 5G Wi-Fi service. On-board and passenger waiting facilities as well as information service have also been improved, which is particularly helpful in creating an elderly-friendly environment. The two companies will review their business needs and continue to capitalize on opportunities arising from the development of the Greater Bay Area.

To promote green transport, TIH has laid a clear 'net-zero' roadmap, including a gradual increase in the number of electric buses in service from the current 30 to 500 by 2025. In addition, the company aims to upgrade its entire fleet to new energy buses within the shortest time frame and will build two new electric bus depots in Tuen Mun and Tai Po along with this development. To contribute to Hong Kong's goal of achieving carbon neutrality, KMB began to install solar panels in 2021 and is targeting to increase the number of installations to 30,000 in bus stops and other related facilities by the end of 2023.

Port Business

A wholly-owned subsidiary of the Group, Hoi Kong Container Services Company Limited provides container and cargo handling services in Hong Kong, operating four berths and about 3.3 hectares of container yard in Kwai Tsing. During the year, the company adjusted its business model to improve its operational efficiency.

Ideally positioned to serve as a logistics hub for the Greater Bay Area, River Trade Terminal, the 65-hectare terminal in Tuen Mun, is comprised of 3,000 metres of quay with 49 berths. The Group's 50%-owned company provides container-handling and consolidation services as well as break-bulk and refrigerated cargo handling and storage services. Due to increased cargo-handling volume and stronger productivity, the company recorded business growth during the year. To help facilitate a stable supply of goods following a surge in COVID-19 infections in the city in early 2022, the company has taken considerable steps to help stabilize logistic supplies from the mainland to Hong Kong.

Air Transport and Logistics Business

Airport Freight Forwarding Centre Company Limited (AFFC), a wholly-owned subsidiary of the Group, operates a logistics facility including over 1.6 million square feet of premium warehouse and office space at HKIA. AFFC continued to perform well during the year despite a disrupted global supply chain. The company's annex facility of over 100,000 square feet, which has been in full operation since December 2020, allowed AFFC to capitalize on business opportunities arising from a surge in e-commerce logistics. The extra security-screening capacity rendered by this facility caters to long-term demands from the industry, helping to make HKIA one of the busiest cargo-handling facilities in the world.

The Hong Kong Business Aviation Centre (HKBAC) Limited is a franchised Fixed-Base Operator at the Hong Kong International Airport. Since 1998, HKBAC, in which the Group owns a 35% interest, has been providing premium aircraft-handling and support services for general and business aviation. The company continues to pride itself on its top-of-class services with the highest safety standards. HKBAC was awarded the Best Asian Fixed-Base Operator by the *Professional Pilot* magazine for the 15th consecutive year, and recognized by *Aviation International News* as one of the Top Rated Fixed-Base Operators in Asia-Pacific in 2022. The company's business was affected by cross-border travel restrictions during the year, but its business activities have shown improvement following the latest relaxation of quarantine measures. Looking forward, the Group remains positive on its long-term prospects. Scheduled for completion in 2025, a HK$400 million expansion project to upgrade facilities is destined to drive future business growth.

Airport Freight Forwarding Centre, Hong Kong

Hong Kong Business Aviation Centre

Infrastructure and Other Businesses

YATA at Tai Po Mega Mall, Hong Kong

Waste Management

Green Valley Landfill Limited, in which the Group owns a 20% interest, is responsible for both the daily operation and long-term aftercare of the South East New Territories Landfill in Tseung Kwan O. Following the opening of its new extension in November 2021, the company occupies a site area of 113 hectares and has the capacity to handle some 50 million cubic metres of waste. Gas generated from the landfill is conveyed to the gas supply network after being converted into synthetic natural gas, contributing to a cleaner environment. During the year, the company recorded steady business performance.

YATA Limited

A wholly-owned subsidiary of the Group, YATA Limited operates 14 modern Japanese lifestyle department stores and supermarkets throughout Hong Kong, including the latest addition of its second Konbini at Wetland Seasons Bay near Hong Kong Wetland Park.

During the year, the overall business of YATA was relatively steady despite continuous challenges brought by COVID-19. The company is committed to providing customers with a safe shopping environment and a stable supply of high-quality products at reasonable prices. It also continued to invest to improve shopping experience. The reporting year saw YATA complete renovation works for the Tai Po Mega Mall supermarket and the department store in Tsuen Wan Plaza. Additional self-checkout devices have been installed to improve service levels.

YATA's loyalty programme, operated with the mobile app YATA Fans, has expanded its membership to over 900,000. YATA is committed to enhancing customer experience through the app and will continue to add new features and attractive offerings to further engage its members.

Apart from being a viewing platform with sweeping harbour views, Sky100 is an ideal venue for different events

Sky100 Hong Kong Observation Deck

Located on the 100th floor of ICC, Sky100 Hong Kong Observation Deck is the only indoor viewing platform in the city to offer a 360-degree view of the territory. Despite a lack of inbound tourists during the year, Sky100 embarked on effective marketing strategies and enhanced its appeal with the introduction of the 5G LAB@sky100, resulting in a notable increase in local visitors. The deck tapped into the growing vibrancy of the neighbouring West Kowloon Culture District through engaging in joint promotions with its cultural facilities, helping to broaden its customer base.

During the year, Sky100 continued to attract local visitors with a wide range of ticket packages catering for families, couples and friends. The deck also increased its promotion for intimate wedding ceremonies which experienced an increase in demand during the pandemic. To maintain a sense of novelty for visitors, the 5G LAB@sky100 has presented new setups featuring innovative motion sensors and interactive games. Guided tours are also provided for its youth programme and the public, allowing participants to experience a variety of 5G applications at its exhibition zones.

As the only member of the World Federation of Great Towers in the city, Sky100 has proven success in enlivening all types of events and special occasions. As Hong Kong celebrates the 25th anniversary of the establishment of the HKSAR, Sky100 was honoured to become the venue for the Better Than Ever — Art Exhibition by Renowned Artists in Celebration of the 25th Anniversary of Hong Kong's Return to the Motherland.

The business prospects of Sky100 is expected to be promising over the medium-to-long term. As the major arts and cultural facilities in the West Kowloon Cultural District have become operational, Sky100 is set to benefit from the increasing glitter of West Kowloon and continue to become a favoured spot for locals and visitors alike.

Corporate Finance

The Group always adopts prudent financial management policies through maintaining low gearing, strong liquidity and a balanced mix of fixed and floating interest rate obligations. Such approach allows the Group to protect itself against rising interest rates and uncharted economic headwinds. As at 30 June 2022, the Group's net debt to shareholders' funds ratio stood at a low of 17.4% while the interest coverage ratio remained high at 12.8.

With strong financial fundamentals and a leading position in the industry, the Group has been among the top-rated property companies in Hong Kong. Both Moody's and S&P have reaffirmed their respective credit ratings of A1 and A+ with stable outlooks.

In November 2021, the Group arranged its maiden HK$8,650 million 4-year syndicated sustainability linked loan (SSLL). In June 2022, another SSLL of HK$20,700 million was arranged for five years. The successful arrangement of such loans manifested the Group's commitment to sustainability, and clearly demonstrated the banking community's trust in, and support of, the Group's work in ESG practices.

Given its high credit ratings and its rapport with fixed-income investors, the Group has issued, under the Medium Term Note Programme, HK$1,400 million 3-year bonds and HK$690 million 7-year bonds respectively during the year.

The property sector on the mainland continued to go through a tough year amid a number of headwinds including an increasing number of credit default cases from developers. Nevertheless, the principle 'houses are for living in, not for speculation' is still being observed to reduce overall systemic risks. The recent eased policies for the property sector and softened interest rate environment should be positive for developers with healthy financial position. During the year, the Group continued to receive strong support from leading banks in the provision of Renminbi financing which has a relatively long debt maturity profile for both the construction and operation of its mainland projects.

As always, the majority of the Group's debts are denominated in Hong Kong dollars with the remainder mainly in Renminbi and US dollars. The Group has not engaged in any speculative positions on derivatives and structured products.

Financial Review

Review of Results for FY2021/22

Underlying profit attributable to the Company's shareholders for the year, which excluded the effect of fair value change on investment properties, was HK$28,729 million, a decrease of HK$1,144 million or 4% compared with HK$29,873 million for the previous year. The decrease was primarily due to the reduction of property development profit from the Mainland.

Including the net effect of revaluation loss on investment properties, the Company reported an attributable profit to shareholders of HK$25,560 million, representing a decrease of HK$1,126 million or 4% compared with HK$26,686 million for the previous year.

	2022 HK$ Million	2021 HK$ Million
Underlying profit attributable to Company's shareholders	**28,729**	29,873
Adjustment for net revaluation movements on investment properties		
Net revaluation loss	**(2,902)**	(3,105)
Valuation gains realized on disposal	**(267)**	(82)
Net effect	**(3,169)**	(3,187)
Profit attributable to Company's shareholders	**25,560**	26,686

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

	Revenue		**Operating profit/(loss)**	
	2022 HK$ Million	2021 HK$ Million	**2022 HK$ Million**	2021 HK$ Million
Property sales				
Hong Kong	**32,878**	34,880	**14,832**	14,571
Mainland	**2,525**	11,137	**1,015**	6,423
	35,403	46,017	**15,847**	20,994
Property rental				
Hong Kong	**17,551**	18,027	**13,207**	13,544
Mainland	**6,575**	6,122	**5,515**	5,099
Singapore	**684**	642	**528**	506
	24,810	24,791	**19,250**	19,149
Hotel operations	**3,071**	2,542	**(429)**	(511)
Telecommunications	**6,957**	6,720	**744**	674
Transport infrastructure and logistics	**7,136**	6,921	**1,215**	1,389
Data centre operations	**2,086**	1,874	**1,044**	962
Other businesses	**8,877**	8,265	**1,339**	1,519
Segment total	**88,340**	97,130	**39,010**	44,176

Revenue and operating profit of the Group's business segments (including share of joint ventures and associates) for the year decreased by 9% to HK$88,340 million and by 12% to HK$39,010 million, respectively.

Revenue from property sales (including share of joint ventures) in Hong Kong decreased by 6% to HK$32,878 million. Development profit was HK$14,832 million, marginally higher than the previous year due to higher sales of high-margin residential units and less sales and marketing expenses incurred, and was mainly driven by residential sales in Wetland Seasons Park Phases 2 and 3, Wetland Seasons Bay Phases 1 and 2, Regency Bay, Regency Bay II, St. Michel Phase 1, Cullinan West III and Grand YOHO Phase 2. Revenue from property sales in Mainland decreased by 77% to HK$2,525 million and development profit decreased by HK$5,408 million or 84% to HK$1,015 million, due to sales volume and handover of residential units significantly lower than the previous year, and was mainly derived from residential sales in Forest Hills, Chengdu ICC 2B and Oriental Bund Phases 3B, 4A and 4B. As at 30 June 2022, contracted property sales attributable to the Group (including share of joint ventures) not yet recognized amounted to HK$26.6 billion, comprising HK$20.5 billion in Hong Kong and HK$6.1 billion on the Mainland, of which approximately HK$14.6 billion is expected to be recognized in the next financial year FY2023.

Rental revenue and net rental income for the year, including share of joint ventures and associates, stayed flat at HK$24,810 million and HK$19,250 million, respectively. Rental revenue of the Mainland portfolio, partially interrupted by the COVID-19 outbreak in April and May, recorded a full year increase of 7%, offset by 3% decline of the Hong Kong portfolio. Net rental income of the Mainland portfolio rose 8% to HK$5,515 million, driven mainly by positive rental reversions from the retail portfolio. Net rental income of the Hong Kong portfolio dropped by 3% to HK$13,207 million, mainly attributable to lower retail and office rental income due to negative rental reversions.

Hotel revenue (including share of joint ventures) increased by 21% to HK$3,071 million and operating loss reduced by 16% to HK$429 million (after depreciation charge of HK$657 million). Hotel business in Hong Kong continued to be affected by stringent travel restrictions and quarantine measures. The Group achieved improved revenue for the year through implementing various revenue initiatives including long-stay offers, quarantine stay packages and loyalty programs. An average occupancy rate of 70% was achieved for the year.

SmarTone reported a revenue growth of 4% to HK$6,957 million and operating profit growth of 10% to HK$744 million, mainly driven by the improvement in revenue from local services.

Transport infrastructure and logistics revenue (including share of joint ventures and associates) increased by 3% to HK$7,136 million. Operating profit decreased by 13% to HK$1,215 million, largely due to the impact of government subsidies received in the previous year.

SUNeVision's revenue increased by 11% to HK$2,086 million and operating profit increased by 9% to HK$1,044 million, mainly driven by demand for data centre services from both existing and new customers.

Financial Review

The Group's other businesses (including share of joint ventures and associates), mainly comprising property management, department store operations and financial services performed steadily with revenue increased by 7% to HK$8,877 million. Due to the impact of government subsidies received in the previous year, operating profit for the year decreased by 12% to HK$1,339 million.

Investment Property Revaluation Gain/Loss

The Group's investment properties (including investment properties held by joint ventures and associates) were appraised by independent valuers as at 30 June 2022, giving rise to a revaluation loss of HK$2,950 million (2021: loss of HK$2,038 million). Valuation technique is applied consistently with no material change in the capitalization rates used in the fair value measurement. An attributable net revaluation loss (after related deferred tax and non-controlling interests) of HK$2,902 million (2021: loss of HK$3,105 million) was recognized in the consolidated income statement.

Financial Resources and Liquidity

(a) Capital management

The Group has always maintained a strong capital base and sufficient financial resources to support business development and growth. The Group regularly reviews and manages its capital structure 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.

Shareholders' equity was HK$601.9 billion or HK$207.7 per share as at 30 June 2022, an increase of HK$8.1 billion compared with HK$593.8 billion as at 30 June 2021. The increase was primarily driven by the net profit attributable to shareholders of HK$25.6 billion, partially offset by foreign exchange loss of HK$3.3 billion on translation of financial statements of the Mainland and overseas operations and net of dividends paid of HK$14.3 billion.

Gearing, interest cover and net finance costs

The Group's strong financial strength allows it to continue raising long-term financing at competitive rates, thus reducing the overall cost of capital. The Group's financial position remains sound with a low debt leverage and high interest cover. Gearing ratio as at 30 June 2022, calculated on the basis of net debt to shareholders' equity of the Company, was 17.4% compared with 16% as at 30 June 2021. Interest coverage ratio was 12.8 times (2021: 13.8 times), measured by the ratio of operating profit to total net interest expenses including those capitalized for the current year.

Net finance costs before interest capitalized decreased by 3% to HK$2,604 million (2021: HK$2,692 million), mainly benefited from lower average effective cost of borrowings which went down to 2.2% (2021: 2.5%) due to refinancing maturing debts during the year at lower interest rates. Net finance costs after interest capitalized was HK$1,747 million (2021: HK$1,990 million).

Debt maturity profile and composition

As at 30 June 2022, the Group's gross borrowings totalled HK$124,931 million. Net debt, after deducting bank deposits and cash of HK$20,323 million, amounted to HK$104,608 million, up by HK$9,566 million since 30 June 2021, mainly due to capital expenditures in both Mainland and Hong Kong.

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

	At 30 June 2022		At 30 June 2021	
	HK$ Million	**% of Total**	HK$ Million	% of Total
Repayable:				
Within one year	**15,857**	**13%**	**20,979**	18%
After one year but within two years	**26,505**	**21%**	**21,419**	18%
After two years but within five years	**49,426**	**40%**	**41,385**	36%
After five years	**33,143**	**26%**	**33,040**	28%
Total bank and other borrowings	**124,931**	**100%**	**116,823**	100%
Bank deposits and cash	**20,323**		**21,781**	
Net debt	**104,608**		**95,042**	

Composition of debt is as follows:-

(i) By currency (after currency swap)

	At 30 June 2022		At 30 June 2021	
	HK$ Million	**% of Total**	HK$ Million	% of Total
Hong Kong dollar	**98,875**	**79%**	87,862	75%
Renminbi	**20,721**	**17%**	20,349	18%
US dollar	**3,770**	**3%**	6,966	6%
British pound	**1,565**	**1%**	1,646	1%
	124,931	**100%**	116,823	100%

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

	At 30 June 2022			At 30 June 2021		
	HK$ Million	**% of Total**	**Interest rate**	HK$ Million	% of Total	Interest rate
Fixed	**44,458**	**36%**	**2.8%**	51,369	44%	3.1%
Floating	**80,473**	**64%**	**1.9%**	65,454	56%	1.6%
	124,931	**100%**	**2.2%**	116,823	100%	2.3%

The Group has also procured substantial undrawn committed banking facilities, most of which are arranged on a medium to long term basis, to help minimize refinancing risk and strengthen the Group's financing flexibility. The Group regularly reviews its liquidity and financing requirements to ensure that available financial resources are sufficient to cover its financing needs.

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

(b) *Treasury management*

The Group adopts a prudent policy in cash and debt management. The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 30 June 2022, about 75% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 25% through its operating subsidiaries.

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 may borrow in foreign currencies to finance its operations in Hong Kong, which exposes the Group to currency risk. When appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with these borrowings. As at 30 June 2022, about 79% of the Group's total borrowings were denominated in Hong Kong dollar (after cross currency interest rate swaps) and 3% in US dollar, which were raised for financing the Group's business operations in Hong Kong while the remaining 18% were mostly in Renminbi and for financing the construction cost of property projects in the Mainland. The Group is exposed to currency translation risk arising mainly from translating the financial statements of subsidiaries and joint ventures operating in the 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 Renminbi as natural hedges to minimize the Group's exposure to exchange rate risk. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in the Mainland. As at 30 June 2022, approximately 20% of the Group's net assets were denominated in Renminbi. Compared with 30 June 2021, Renminbi depreciated against Hong Kong dollar by 2.6%. The translation of these Renminbi assets into Hong Kong dollar at the exchange rate as of 30 June 2022 resulted in a translation loss of approximately HK$3.2 billion (2021: gain of HK$9.3 billion) recognized in the exchange reserve.

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

The Group maintained an appropriate combination of fixed and floating rate borrowings to mitigate interest rate risk. As at 30 June 2022, about 64% of the Group's total borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis through interest rate swaps, and 36% were on fixed rate basis.

As at 30 June 2022, 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$18,557 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for managing 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.

As at 30 June 2022, about 34% of the Group's bank deposits and cash were denominated in Hong Kong dollar, 62% in Renminbi, and the remaining 4% mostly in US dollar. The Renminbi deposits were mostly held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

Charges of Assets

As at 30 June 2022, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$45 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$1,142 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

Contingent Liabilities

As at 30 June 2022, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK$2,394 million (30 June 2021: HK$2,293 million).

Investor Relations

Transparency is imperative for good corporate governance. Attaching great importance to corporate governance, the Group maintains a high level of transparency through effective two-way communication with its stakeholders, including shareholders and fixed income investors.

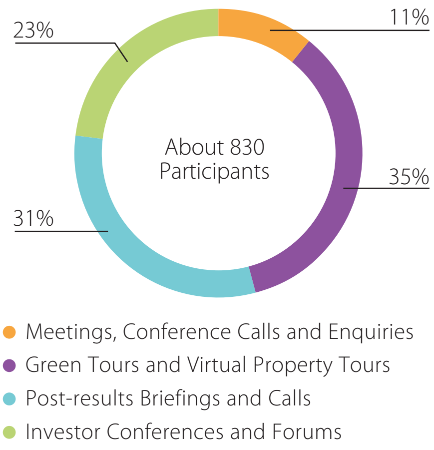
In line with its comprehensive communication policy for stakeholders, the Group ensures timely disclosure of corporate information through various channels, including press releases, public announcements, quarterly magazines, annual and interim reports, and sustainability reports. All these documents are available on the Group's website for public access once they are ready. The Group's investor relations team is dedicated to fostering regular dialogues with the investment community to facilitate their understanding of its operations. Stakeholders' views and feedback serve as useful reference for the Group's senior management in strategic planning for its future development.

In light of the fluctuations of the pandemic situation during the year, a hybrid approach was adopted in the Group's engagement with stakeholders, interacting with analysts, investors, credit rating and Environmental, Social and Governance (ESG) rating agencies through both virtual and face-to-face events. Apart from active participation in online investor conferences and forums, the Group also took the initiative to arrange a number of investor relations activities. Virtual analyst briefings were hosted by the Group's senior management shortly after results announcements to communicate directly with analysts and answer their questions. As the pandemic subsided and social distancing measures were largely relaxed, the Group's investor relations team attended a post-results luncheon in September 2021 to enable more interactive discussions with investors about its operations, financial performance and outlook.

Amid travel restrictions due to COVID-19, the Group utilized different platforms to keep local and overseas investors better informed about its latest developments on the mainland. For instance, working with international brokerage firms, the Group offered in January 2022 virtual property tours through the provision of video clips of the Group's major projects in Shanghai.

In an effort to increase transparency and disclosure of ESG, the Group proactively conveys its ESG initiatives and targets to the relevant parties. Green tours were organized in October 2021 to showcase how sustainability elements are being integrated into the Group's property development and investment businesses. All in all, the Group's pursuit of excellence in products and services in the real estate sector, ESG and investor relations has continued to gain recognition from leading financial publications.

Communications with the Investment Community in Financial Year 2021/22



Virtual post-results-announcement analyst briefing

Major Investor Relations Events in Financial Year 2021/22

Quarter	Event
2021	
3rd Quarter	• Meetings and calls with analysts and investors • 2020/21 annual results announcement – Virtual analysts briefing – Post-results luncheon and calls with investors • Virtual investor conferences and forums
4th Quarter	• Green tours to Wetland Seasons Park, PARK YOHO and YOHO Mall • Virtual investor conferences and summits
2022	
1st Quarter	• Virtual investor conferences • Virtual property tours • 2021/22 interim results announcement – Virtual analysts briefing – Post-results calls with investors
2nd Quarter	• Virtual investor conferences • Meetings and calls with analysts, investors and credit rating agencies

Awards

Financial Year 2021/22

Euromoney magazine

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

FinanceAsia magazine

- Asia's Best Real Estate Company
- Hong Kong's Best Managed Company
- Hong Kong's Best Investor Relations
- Hong Kong's Most Committed to Environmental Stewardship
- Hong Kong's Most Committed to Social Causes
- Hong Kong's Most Committed to High Governance Best Standards
- Most Effective in Creating and Implementing D&I Policies over the Past 12 Months

Asiamoney magazine

- Most Outstanding Company in Hong Kong — Real Estate Sector

Corporate Governance Asia magazine

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

Bloomberg Businessweek/Chinese Edition

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

Hong Kong Investor Relations Association

- Best IR Company (Large Cap)
- Best Annual Report (Large Cap)
- 5 Years IR Awards Winning Company

The Group's achievements in ESG and its seasoned management team were widely acknowledged by leading financial publications during the year

Sustainable Development

Solar panels installed on the top of ICC to promote renewable energy

Meticulous planning to provide a natural living environment

Sustainable Development

Residents can use a mobile app to reserve clubhouse facilities

Upholding its belief in Building Homes with Heart, the Group spares no effort to help make Hong Kong a better place to live, work and shop as well as a city for leisure and nurturing the next generations. Through meeting progressive goals in Environmental, Social and Governance (ESG) standards, the Group continues to promote sustainable development and create long-term value for stakeholders, all of which are disclosed in its annual *Sustainability Report* to maximize transparency.

The Group's performance in ESG is recognized by respected organizations as well as the financial community. It has been one of the top three companies in the Hang Seng Corporate Sustainability Index for three consecutive years and a constituent member of the FTSE4Good Index Series since 2018. In 2022, the Group maintained an A rating in the MSCI ESG Ratings assessment. It also received three honours at the ESG Leading Enterprise Awards 2021 co-organized by the Chinese Edition of *Bloomberg Businessweek* and Deloitte.

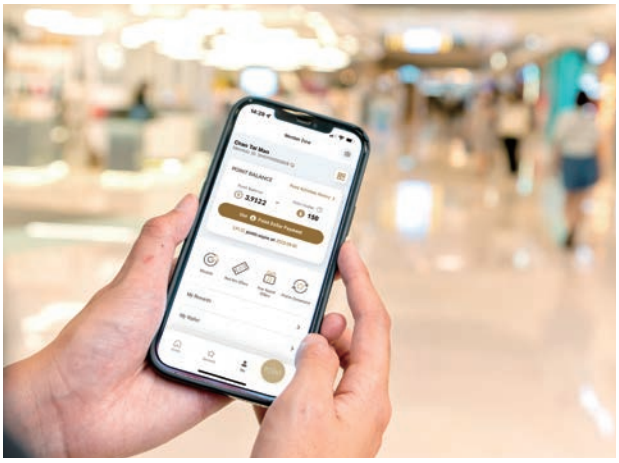
Deeply rooted in Hong Kong, the Group is dedicated to joining forces with different entities to create a more prosperous and vibrant city. To enhance social cohesion, the Group celebrated the 25th anniversary of Hong Kong's return to the motherland with a series of events, including the display of celebratory messages on the facade of its major buildings. In addition, the Group was honoured to have sponsored a significant art exhibition held at the Sky100 Hong Kong Observation Deck. The event featured original works by Qi Baishi and over 20 contemporary art masters whose works are rarely exhibited outside of the mainland, demonstrating the Group's efforts to promote the cultural well-being of Hong Kong.

Commitment to Quality

The Group has made a strong commitment in its pursuit of ever-higher quality. Since 2013, the Group has provided a three-year warranty for its new residential properties in Hong Kong, the first and the longest warranty of its kind in the city. The commitment not only demonstrates the Group's confidence in the building quality of its properties but also reflects its dedication to maintaining long-term relationships with its customers. This, together with its increasing application of new technology and people-centric initiatives in property development and management, has continued to reinforce the Group's premium brand, winning it wide acclaim from customers as well as local and international media. During the year, the Group was named Best Developer — Overall, Hong Kong in the Real Estate Survey of *Euromoney*.

In addition to architectural and service excellence, the Group's landmark developments are famed for their success in driving the

A comprehensive inspection provides quality assurance before handover



Point Dollar, a new function under The Point, encourages consumer spending

Wider use of robots for disinfection, security patrols and personalized services

sustainable development of respective neighbourhoods or even the entire city. ICC earned the 10-year Award of Excellence from the Council on Tall Buildings and Urban Habitat (CTBUH), the world's leading organization for tall buildings around the world. The honour is a testimony to the skyscraper's outstanding value and performance since it has come into operation.

To further elevate the quality of its buildings, the Group has placed an increasing emphasis on technology and integration of digitalization in project development. Its application of Building Information Modelling (BIM), Modular Integrated Construction (MiC) and Design for Manufacture and Assembly (DfMA) allows its teams to conceive innovative architectural and structural design and increase construction productivity.

The Group continues to leverage the latest technology to optimize its services for property users. The functionality of the SHKP Malls App was further enhanced to allow customers to view 5G real-time information of smart facilities in its malls. The Group also constantly identifies room for improvement to ensure a safe and healthy environment for shoppers amid the pandemic. In addition to installing touch-free devices, the Group introduced a contactless parking service in its major malls to prevent the spread of the virus. Frontline staff of shopping malls continues to serve with dedication. In the 2021 Service Talent Award organized by the Hong Kong Retail Management Association, the Group's Customer Care Ambassador teams scooped over 80 awards and recognitions.

During the year, the Group launched Go Royal by SHKP, the largest hotel and shopping loyalty programme in Hong Kong. Encompassing five Royal brand hotels and their 20 restaurants, Go Royal joined hands with The Point, the loyalty programme for the Group's malls, to increase the number of touchpoints where members of Go Royal and The Point can earn and redeem bonus points for hotel stays, dining and shopping rewards, boosting customer satisfaction.

The Group keeps abreast of market trends and understands customers' needs through the SHKP Club, the first and one of the largest developer-loyalty clubs in Hong Kong with a membership of over 470,000. Serving as a two-way communication vehicle between the Group and customers, the Club introduced more digital initiatives to engage with customers during the year. Interactive digital devices were installed at show flats to understand customers' views on property-purchase related issues as well as the Group's developments. The new arrangements significantly enhanced their flat viewing experience and allowed the Group to have a firmer grasp of market needs.

The SHKP Club organizes a visit for members to an art exhibition at Sky100 that celebrates the 25th anniversary of Hong Kong's return to the motherland

The Group's malls achieve satisfying results in the 2021 Service Talent Award

Sustainable Development

Interest classes are organized to promote work-life balance among staff

The Management Trainee Programme provides a career path for young talent for future development

Continuous Staff Development

The Group has a workforce of over 40,000 and regards employees as its most valuable assets. Placing great emphasis on the well-being of employees, the Group has invested heavily to support the professional and personal growth of its staff and provided them with competitive remuneration. Such efforts have contributed to the development of a collaborative and rewarding workplace.

The spirit of continuous learning is deeply ingrained in the Group's corporate culture. A spectrum of training on adaptation, customer service, communication skills and leadership development are offered to different levels of staff. During the year under review, the Group organized more than 1,000 classes in diverse disciplines. To meet the challenge of the pandemic, some programmes were held in the format of webinar or online learning. More than 100 webinars were arranged for about 7,000 attendees.

The Group has continued to help employees keep abreast of the latest technology trends in the business world. Curricula in the areas of data analytics and digital marketing have been tailored for relevant staff, with external experts coming in to lecture on artificial intelligence, metaverse, NFT and Google Analytics. Practical workshops have been held to upskill staff's competence in data literacy, map creation and photo retouch, video production and more. All staff members can access the Technology Upskilling Portal, which explains concepts of technology and offers related online courses and recorded webinars.

In addition, employees are encouraged to broaden their horizons via the Group's self-learning channels, including a training library, e-learning programmes and reference materials on the intranet. The Group also supports its staff to embrace other options of continuous learning, including sponsoring them to attend external job-related courses, ranging from short seminars to degree programmes up to master's level.

The Group's long-term organizational development has been driven by its structured training curriculum. Subject to the pandemic development, on-site or online workshops are organized for staff to cultivate their minds and sharpen job-related skills. Management staff members are encouraged to join seminars regarding the essence of contemporary leadership, so they can communicate and work effectively with people from different generations. The Group also designed two leadership development programmes for supervisory and managerial staff.

In addition to enhancing individual competence, the Group emphasizes team spirit and synergies between different teams. It constantly arranges departmental sharing sessions for employees to understand the operation of different departments, helping to foster their collaboration.

To attract and retain high-calibre graduates from leading local, mainland and overseas universities, the Group continues to enhance its Management Trainee, Graduate Surveyor and

Graduate Engineer programmes. The Group also organizes summer internship programmes for university students to explore their career interests and acquire essential job skills.

The Group places an equal emphasis on personal and family well-being of employees. In the midst of the pandemic, the Group during the year provided staff with various anti-pandemic items such as rapid test kits, medicine and face masks. In addition to offering vaccination leave, the Group implemented flexible work arrangements, including working from home, to reduce employees' anxiety arising from the pandemic. Staff infected with COVID-19 received different kinds of support from the Group, which helped them de-stress and get well soon. Moreover, the Group continued to provide training on mental and physical health, parenting, and stress management. Interest classes were held online to promote work-life balance.

Extending its caring spirit towards employees' children, the Group continued to support children of eligible staff to pursue university education with financial assistance through the SHKP Group Undergraduate Scholarship Scheme. It also provided full subsidies for employees' children to join overseas exchange programmes through the Sun Hung Kai Properties Ltd — AFS Corporate Scholarships.

Commitment to the Environment

The Group has integrated green elements into every aspect of its operations to minimize the impact of its business on the environment. Its 10-year environment targets, including a pledge to reduce greenhouse gas emissions intensity and electricity consumption intensity by 25% and 13% respectively, are a testament to its support for the HKSAR Government's goal of achieving carbon neutrality before 2050. Reduction in water usage and construction waste diversion are also among its 10-year targets. The Group has won widespread recognition for constantly enhancing the environmental performance of its buildings. In 2022, its landmark developments, ICC and Two IFC, achieved Leadership in Energy and Environmental Design (LEED) Platinum certification under the v4.1 Operations and Maintenance: Existing Buildings rating system. The Group aims to obtain LEED Gold or Platinum ratings for its core commercial projects under development. At the community level, the Group has made the best of its resources to promote green messages and provide a wide range of environmentally-friendly facilities to encourage more people to live a greener life.

The Group has made an effort to strike a balance between property development and environmental conservation, with PARK YOHO project being an epitome in this respect. Sha Po Fairyland, a wetland within the development, won two merit awards at the Best Development & Conservation Award 2021 organized by The Hong Kong Institute of Surveyors. Its commitment to conservation is also demonstrated by the Wetland Seasons Park and Wetland Seasons Bay developments, both located in the Wetland Buffer Area of Hong Kong Wetland Park. Effective measures were implemented at the design and construction stages to preserve the wetland ecology.

The Group uses Nature Rescue to mobilize members of the public to clean up countryside and coastal areas together

To encourage the public to use electric vehicles (EVs), the Group has installed nearly 1,000 EV chargers in its managed properties

Sustainable Development

A summer internship programme organized by the Group's construction division allows university students to acquire basic knowledge of the industry

Moreover, to help reduce carbon emissions for achieving carbon neutrality in Hong Kong, the Group has continued to increase its use of renewable energy and promote respective messages in the community. As at June 2022, more than 30 solar energy generation systems have been installed at properties managed or owned by the Group, including the first such system on a building site in Hong Kong.

The Group is committed to promoting green transport and improving roadside air quality through encouraging its associate, Transport International, to use electric buses extensively. The associate currently has 30 electric buses in service, all without any government subsidies, which will be increased to 500 by 2025. The Group has also continued to encourage the public to use electric vehicles (EVs). It plans to install standard EV charging facilities at private car parking spaces in its new residential developments. As at June 2022, nearly 1,000 EV charging facilities have been installed in shopping malls, office buildings and residential properties managed by the Group, creating one of the largest EV charging facility networks in Hong Kong.

To motivate more people to go green by making small changes to habits, the Group provides on-site food waste composters as well as waste-reduction and recycling facilities for a wide variety of materials at its residential properties. Some of its properties even provided energy- and waste-check services with complimentary advice on energy saving and waste reduction.

The Group guides the younger generation to appreciate nature and protect the environment through the SHKP Love Nature Campaign. A green knowledge quiz was held in 40 secondary schools during the year with the participation of more than 1,000 students. Part of the SHKP Love Nature Campaign, the Rescue Nature mobile app features a comprehensive social networking platform for the public to initiate clean-ups, report rubbish blackspots and protect the environment. Despite the volatility of the pandemic, Rescue Nature marshalled a large number of volunteers to join countryside and coastal clean-ups during the year.

The Group's signature Read to Dream programme promotes happy reading and enhances students' knowledge of STEM

Corporate Social Responsibility

With a commitment to giving back to society, the Group has connected with different communities and continued to support people in need. To help build a harmonious and inclusive society, the Group constantly promotes a caring culture and provides favourable conditions for the less fortunate to integrate into society. The Group also stresses youth development. Ongoing efforts include promoting sporting activities and reading through online and offline platforms, helping the younger generation stay vibrant and increasing their thirst for knowledge.

During the year, the Group responded swiftly to support the HKSAR Government's fight against the fifth COVID wave. It lent for free two plots of land to the Government for building community isolation facilities (CIFs) which provided about 10,000 beds in total. These included a 10-hectare site in Tam Mi, Yuen Long and a four-hectare site in San Tin, which was co-owned with a friendly peer. The Group's subsidiary SmarTone also speedily built out its 5G network for such facilities, ensuring that their residents and working staff could enjoy strong connectivity for free. In addition, the Group offered spaces at two office premises as venues for community vaccination, which enjoyed direct access to MTR stations to suit the convenience of most people, especially children and the elderly. The Group also provided the Hospital Authority with medical-grade disinfection robots to be used at public hospitals and clinics. It donated many anti-pandemic items to support frontline healthcare workers, other groups with higher occupational risk and the underprivileged. On the mainland, the Group and the Kwok family donated RMB three million to the Shanghai Charity Foundation, showing its full support for fighting the pandemic in Shanghai.

To help meet the short-term housing needs of the underprivileged, the Group leased a plot of land in Tung Tau, Yuen Long at a nominal rent to the Hong Kong Sheng Kung Hui Welfare Council for the development of United Court, a transitional housing project with 1,800 units and a wide range of community facilities. The project was completed in May 2022 and intake of residents began. As the largest transitional housing development in Hong Kong to date, United Court is expected to house up to 5,000 families, taking account of residents moving in and out.

The Group has persistently spread love and care in the community through Noah's Ark Hong Kong, part of Ma Wan Park operated by the Group for not-for-profit purpose since 2007. To date, Noah's Ark Hong Kong has collaborated with 1,700 local charity groups to organize more than 10,000 life-education and charitable activities for more than 700,000 people. Half of them were children and youngsters, and the remainder were the underprivileged comprising the elderly who are living alone, the disabled and the chronically ill. After the outbreak of the COVID-19 pandemic in 2020, Noah's Ark initiated the 'Walk With You' Student Sponsorship Campaign to support underprivileged

Sustainable Development

The transitional housing project United Court, for which the Group leased a plot of land in Tung Tau, Yuen Long at a nominal rent, was completed and handed over during the year

students, under which online courses with subjects covering Science, Technology, Engineering and Mathematics (STEM), art and environmental protection were organized in partnership with local universities. The programme also enabled the donation of e-learning devices to the underprivileged, allowing them to continue with their studies during face-to-face class suspension. Overall, the campaign has served a total of 5,200 deprived students, including 1,800 engaged in online courses, since its inception.

The Group has continued to fund charity projects, including those on education and training, poverty alleviation, medical care and social services run by the SHKP-Kwoks' Foundation. Since its establishment in 2002, the Foundation has engaged in about 80 charity projects, benefitting over 68,000 people across

The Group lent for free a site in Tam Mi, Yuen Long for building community isolation facilities

the country. The Foundation has co-hosted the Lectures on Chinese Culture series with the Academy of Chinese Culture for many years. During the year, the speeches delivered by famous academics in the lectures were compiled for publication. This funded project will allow a wider public to have a better understanding of Chinese culture.

The Group's Building Homes with Heart Caring Initiative continued to visit underprivileged families whenever practicable amid the pandemic. Goodie bags containing anti-pandemic items, festive food and stationary packs were distributed to help them feel loved and cared for. The SHKP Volunteer Team has participated in the Living Water — Lively Estate programme, a project of more than three years, to provide various flat intake services to residents of Kai Chuen Court in Diamond Hill and help them build a mutual-support network.

The Group also spreads love and care in the community through the SHKP Club. The territory-wide My Inspiring Family Coaches Competition was launched under the Club's Loving Home Campaign 2022. For the purpose of amplifying the campaign's annual theme of Loving Home Learning Together, participants were invited to share how family members learn from each other and grow together.

The SHKP Volunteer Team organizes various activities to spread love and care in the community

The Group organizes virtual race to promote a healthy lifestyle

Moreover, the Group has contributed to the promotion of sports development in Hong Kong, with a focus on helping make the city a centre for major sports events and encourage more sports participation in the community. The Group continued to promote healthy lifestyles and the spirit of sports-for-charity through its annual signature sports events, the SHKP Vertical Run for Charity — Race to Hong Kong ICC and the Sun Hung Kai Properties Hong Kong Cyclothon. Although the events were cancelled due to the pandemic, the Group continued to promote sporting culture whenever practicable during the year. Founded in 2018 to provide systematic track cycling for secondary schools, the SHKP Cycling Academy set up training centres at three secondary schools in late 2021 to enhance the development of cycling sports. Since 2019, the Group has sponsored the SHKP Supernova Cycling Team. The SHKP Supernova Virtual Race Series 2022 held by the cycling team attracted professional riders to compete in the metaverse.

The Group enriched the knowledge of the younger generation through the SHKP Reading Club. During the year, the Club's signature Read to Dream programme was run in a new format through its online reading platform Read for More, which broadcast mind-enrichment videos with celebrities sharing their experience. The Club also partnered with The Federation of New Territories Youth Foundation and the Tai Po Youths Association to launch a writing contest, inviting secondary and university students to recommend an inspiring book to cheer Hong Kong people. In line with the Group's effort to support innovation and technology, the Read & Share school programme provided a range of reading activities with the theme of STEM, leading students to explore STEM-related elements from everyday life. The programme also took students on a guided tour of SmarTone's 5G LAB at Sky100 Hong Kong Observation Deck, where they learned how 5G technology is utilized by different industries and in everyday life.

In addition, the Group made a donation to a university in Hong Kong to support their scientific research on Alzheimer's disease during the year, hoping that the research will result in precise and effective ways to identify people at risk in the early stage. As another caring initiative for the elderly, Sun Hung Kai Properties Charitable Fund sponsored the production of *Living Well with Dementia*, an eight-episode video series to raise public awareness of the disease. The series was released on a YouTube channel, and short clips of the episodes were shown on Kowloon Motor Bus (KMB) buses and digital panels of bus stops to reach a wider audience.

A video series on dementia shown on KMB buses to help promote public awareness of the disease

Corporate Governance Report

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

Corporate Governance Practices

Rigorous standards of corporate governance enhance the Group's accountability and transparency, earning the confidence of its shareholders and the public. The Company has complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30 June 2022, except that there is no separation of the roles of chairman and chief executive.

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

Board of Directors

Board Composition

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

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

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

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

Board Diversity

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

The Board consists of a diverse mix of Board members in terms of age, gender and tenure of office. Currently, the Board has two female Directors out of 20 Directors and the Directors come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. The Company is committed to improving the diversity of the Board based on its needs and as and when suitable candidates are identified. The Company requests the Directors to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved. The Directors' biographical information is set out on pages 152 to 163 and is also available on the website of the Company.

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

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

Board Meetings

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

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

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group during the year ended 30 June 2022. During the year, the Board discussed the overall strategies of the Group, monitored its financial and operational performance, approved the annual and interim results of the Group, and proposed the new share option scheme of SmarTone Telecommunications Holdings Limited (a subsidiary of the Company) to the shareholders of the Company for their approval at the 2021 AGM. In addition, it approved two announcements with respect to the issuance of debt instruments by a wholly-owned subsidiary of the Company and an announcement regarding the change in information of a Director of the Company. In August 2022, the Board also approved the appointment of three Executive Directors and an announcement regarding such appointment.

The Board held four regular meetings during the year ended 30 June 2022, and the attendance records of the Directors at the Board meetings are set out below:

Directors	Meetings attended/held
Executive Directors	
Kwok Ping-luen, Raymond	4/4
Wong Chik-wing, Mike	4/4
Lui Ting, Victor	4/4
Kwok Kai-fai, Adam	4/4
Kwok Kai-wang, Christopher	4/4
Tung Chi-ho, Eric	4/4
Fung Yuk-lun, Allen	4/4
Non-Executive Directors	
Kwan Cheuk-yin, William	4/4
Kwok Kai-chun, Geoffrey	4/4
Independent Non-Executive Directors	
Yip Dicky Peter	4/4
Wong Yue-chim, Richard	4/4
Li Ka-cheung, Eric	4/4
Fung Kwok-lun, William	4/4
Leung Nai-pang, Norman	3/4
Leung Ko May-yee, Margaret	4/4
Fan Hung-ling, Henry	4/4
Wu Xiang-dong	2/4

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

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

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

Chairman

Mr. Kwok Ping-luen, Raymond is the Chairman and Managing Director of the Company. This is at variance with code provision A.2.1 of the Code (re-numbered as code provision C.2.1 under the new Code that came into effect on 1 January 2022 (the "New Code")), which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

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

During the year ended 30 June 2022, the Chairman held a meeting with the Independent Non-Executive Directors without the presence of the other Directors, in which the Independent Non-Executive Directors can share their views and raise any issues in the absence of other Directors and management of the Company.

Training and Support for Directors

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

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

During the year ended 30 June 2022, a training package regarding anti-corruption was provided to the Directors. The Directors also participated in the following trainings:

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

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

Compliance with Model Code

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

Before the Group's interim and annual results are announced, notifications will be sent to the Directors and the Relevant Employees to remind them not to deal in the securities of the Company during the blackout periods. In response to specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the year ended 30 June 2022.

Delegation by the Board

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

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

Executive Committee

The Executive Committee was established in 1977 and now consists of all Executive Directors (including three members of the Executive Committee who were appointed by the Board as Executive Directors of the Company in August 2022) and three full time senior executives of the Group as its members. During the year under review, a member of the Committee ceased his office following his retirement from the Group. A list of the current members of the Committee and their biographical information are set out on page 2 and pages 152 to 164 respectively. In addition, four senior executives holding major positions in the Group have been invited by the Committee to attend its meetings regularly as associate members, and to contribute their experience and expertise to assist the Committee in its decision-making process. A list of the current associate members of the Committee is set out on page 164.

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

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

During the year ended 30 June 2022, the Executive Committee oversaw the daily business operations of the Group and made key business decisions. In addition, the Committee reviewed the Company's compliance with the Code and the applicable statutory and regulatory requirements, and the disclosures in the corporate governance report. The Committee also approved the sustainability report of the Company. The attendance records of the members at the Committee meetings held during the year are set out below:

Committee members	**Meetings attended/held**
Kwok Ping-luen, Raymond	49/49
Wong Chik-wing, Mike	49/49
Lui Ting, Victor	47/49
Kwok Kai-fai, Adam	49/49
Kwok Kai-wang, Christopher	48/49
Tung Chi-ho, Eric	48/49
Fung Yuk-lun, Allen	46/49
Chow Kwok-yin, Eric[1]	13/13
Yung Sheung-tat, Sandy	48/49
Li Ching-kam, Frederick	47/49
Fung Sau-yim, Maureen	49/49
Chan Hong-ki, Robert	48/49
Lam Ka-keung, Henry	49/49
Lau Tak-yeung, Albert	44/49

[1] *Mr. Chow Kwok-yin, Eric ceased to act as a member with effect from 30 September 2021*

Remuneration Committee

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

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

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

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

Nomination Committee and Appointment of Directors

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

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

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

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

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

Each of Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard, Dr. Fung Kwok-lun, William and Dr. Leung Nai-pang, Norman (being some of the Retiring INEDs) has served the Company for more than nine years, during which period they have provided professional advice and insight to the Board. They have in-depth understanding of the Group's business and operation and have also demonstrated strong independence by providing impartial views and comments at Board and Board committee meetings during their tenure of office. They have not taken part in the day-to-day management of the Company. The Nomination Committee considered that the long service of the above Retiring INEDs will not affect their exercise of independent judgment and was satisfied that each of Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard, Dr. Fung Kwok-lun, William and Dr. Leung Nai-pang, Norman has the required integrity and experience to continue fulfilling the role of an Independent Non-Executive Director.

The Nomination Committee held a meeting during the year ended 30 June 2022 and the attendance records of the members at the meeting are set out below:

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

All Directors have formal letters of appointment setting out the key terms of their appointments. New Director appointed by the Board shall hold office until the next following AGM and shall then be eligible for re-election. In addition, one-third of the Directors are required to retire from office by rotation and are eligible for re-election at each AGM in accordance with the Articles of Association. Following the implementation of the New Code and starting from the 2022 AGM, all Directors will be subject to retirement by rotation and are eligible for re-election at least once every three years. In addition, the re-election of all retiring Directors (including those Independent Non-Executive Directors who have served the Company for more than nine years) will be subject to separate resolutions to be approved at the AGM.

Audit and Accountability

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

Audit and Risk Management Committee

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

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

The duties of the Audit and Risk Management Committee include:

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

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

– ensuring that management has fulfilled its duty to establish and maintain an effective risk management and internal control systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

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

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

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

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

– reporting to the Board on matters in the code provision under C.3 of the Code (re-numbered as D.3 of the New Code);

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

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

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

The Audit and Risk Management Committee held three meetings during the year ended 30 June 2022. It had reviewed the interim and annual results of the Group, and discussed and approved the relevant financial reports; reviewed the Group's risk management and internal control systems, the risk assessment result and the internal audit activities; and discussed the audit plan of the external auditor for the financial year 2020/21 and the internal audit plan for the financial year 2021/22. Two private sessions between the members of the Committee and the external auditor without the presence of management had been arranged in these meetings. The attendance records of the members at the Committee meetings are set out below:

Committee members	Meetings attended/held
Li Ka-cheung, Eric	3/3
Yip Dicky Peter	3/3
Leung Nai-pang, Norman	3/3
Wong Yue-chim, Richard	3/3

In July 2022, the Audit and Risk Management Committee also held a meeting to discuss the audit plan of the external auditor for the financial year 2021/22 and the internal audit plan for the financial year 2022/23.

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

The Audit and Risk Management Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in other non-audit services will not impair its audit independence or objectivity. An independence confirmation has been obtained from the external auditor which confirmed that during the course of its audit on the Group's consolidated financial statements for the year ended 30 June 2022 and thereafter to the date of the annual report, it is independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

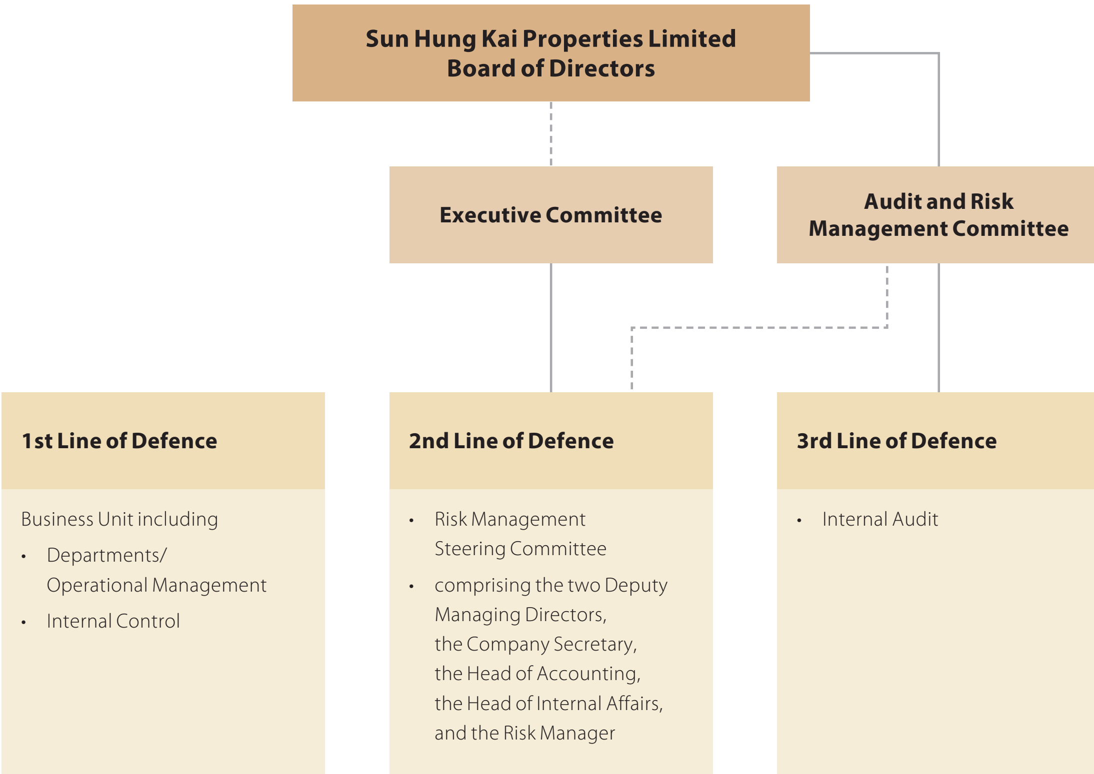
The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the external auditor for the year ended 30 June 2022 amounted to approximately HK$19 million and HK$6 million respectively. The non-audit services mainly consist of consultancy, taxation, review and other reporting services. These fees have been reviewed by the Audit and Risk Management Committee.

Risk Management and Internal Control

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

Risk Management

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



First Line of Defence

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

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

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

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

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

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

Second Line of Defence

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

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

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

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

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

Third Line of Defence

The Internal Audit Department is primarily responsible for:

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

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

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

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

Audit and Risk Management Committee

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

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

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

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

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

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

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

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

Board of Directors

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

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

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

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

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

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

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

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

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

Internal Control

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

(i) Control Environment

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

(ii) Risk Assessment

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

(iii) Control Activities

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

(iv) Information and Communication

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

(v) Monitoring

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

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

A code of conduct is maintained and communicated to all employees for compliance. In addition, a whistleblowing policy was established for our employees to raise concerns in confidence about suspected misconducts, malpractices or fraudulent activities relating to the Group. The identity of the whistleblower will be treated with the strictest confidence.

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

Key Risk Factors

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

Risks Pertaining to the Property Market in Hong Kong

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

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

Risks Pertaining to the Property Market on the Mainland

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

Operational Risks

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

ESG Risks

Riding on the COSO principles where our risk management and internal control systems are based, the Group is integrating ESG (environmental, social and governance) risks into its risk management and internal control systems to better manage enterprise-wide risks. Some of the ESG risks are of particular concern to the Group including climate change, energy efficiency and waste management for environmental aspect; community investment and engagement, tenant/customer engagement and responsible supply chain management for social aspect; and ethics and integrity, information privacy and risk and crisis management for governance aspect. Such integration can provide additional strategic and operational leverage for the Group as it seeks to succeed and grow in today's turbulent environment.

Mitigating Principal Risks Faced by the Group

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

In addition, the Group set up a crisis management taskforce to coordinate, respond to and tackle ad hoc events in an effective manner. Co-led by two Deputy Managing Directors, the taskforce comprises senior management members of major Business Units. Apart from handling key issues or risks, the taskforce at present focuses on monitoring the latest development of the pandemic and providing advice on taking necessary measures with timely reviews to ensure their effectiveness.

Past Performance and Forward-Looking Statements

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

Effectiveness of Risk Management and Internal Control Systems

During the year ended 30 June 2022, the Risk Management Steering Committee has worked with major Business Units and senior management to enhance the risk management and internal control systems. Activities included updating the risk assessment templates to include risk predictors (which are critical predictors of unfavourable events that can adversely impact individual Business Units concerned), and providing risk training to and maintaining ongoing interactive dialogues with the Business Units. It has also reviewed the major risks for operations in Hong Kong and on the mainland.

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

The Board through the Audit and Risk Management Committee reviewed the risk assessment results, and the risk management and internal control systems of the Group for the year ended 30 June 2022, including financial, operational and compliance controls. The review includes considering the internal control evaluations conducted by executive management and the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. Based on the result of the review, the Board considered that for the year ended 30 June 2022, the risk management and internal control systems of the Group were effective and adequate.

Shareholder Relations

Dividend Policy

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

Shareholders' Communication Policy

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

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

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

Corporate Governance Report

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

Annual General Meeting

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

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

The 2021 AGM was held on 4 November 2021 at the Company's headquarters. Businesses transacted at the 2021 AGM included the adoption of audited consolidated financial statements, the approval of final dividend, the re-election of Directors and fixing of the Directors' fees, the re-appointment of auditor, the renewal of general mandates with respect to the buy-back of shares and the issue of new shares, and the adoption of the new share option scheme of SmarTone Telecommunications Holdings Limited.

The attendance records of the Directors at the 2021 AGM are set out below:

Directors	AGM attended
Executive Directors	
Kwok Ping-luen, Raymond	✓
Wong Chik-wing, Mike	✓
Lui Ting, Victor	✓
Kwok Kai-fai, Adam	✓
Kwok Kai-wang, Christopher	✓
Tung Chi-ho, Eric	✓
Fung Yuk-lun, Allen	✓
Non-Executive Directors	
Kwan Cheuk-yin, William	✓
Kwok Kai-chun, Geoffrey	✓
Independent Non-Executive Directors	
Yip Dicky Peter	✓
Wong Yue-chim, Richard	✓
Li Ka-cheung, Eric	✓
Fung Kwok-lun, William	✓
Leung Nai-pang, Norman	✓
Leung Ko May-yee, Margaret	✓
Fan Hung-ling, Henry	✓
Wu Xiang-dong	

In order to safeguard the health and safety of attendees of the 2021 AGM and comply with the government regulatory requirements during the COVID-19 pandemic, the following precautionary measures were taken at the 2021 AGM:

– assigning attendees to sit in designated seating areas to ensure appropriate social distancing
– compulsory body temperature screening and submission of health declaration form by attendees
– compulsory wearing of face masks by attendees
– scanning the "LeaveHomeSafe" venue QR code or registering contact details in written form
– no refreshments provided at the meeting venue
– recommending shareholders to appoint the chairman of the 2021 AGM as their proxy to vote on the resolutions

In view of the uncertain development of the current COVID-19 situation, shareholders are encouraged to appoint the chairman of the 2022 AGM as their proxy to vote on the resolutions, instead of attending the meeting in person. The Company may implement additional precautionary measures at the 2022 AGM in accordance with prevailing guidelines published by the government as appropriate.

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

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

During the year ended 30 June 2022, no amendment was made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Company and HKEX.

Directors' Report

The Directors are pleased to present their report together with the consolidated financial statements of the Group for the year ended 30 June 2022, which were approved by the Board of Directors (the "Board") on 8 September 2022.

Principal Activities

The principal activity of the Company is investment holdings.

The principal activities of the Group are the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics, and data centre operations. Other ancillary and supporting businesses, which are described under principal subsidiaries, joint ventures and associates on pages 232 to 240, are integrated with the main business of the Group. An analysis of the Group's performance for the year by reportable and operating segments in business operation and geographical area is set out in note 3 to the consolidated financial statements.

Business Review

A fair review of the Group's business, an indication of its likely future development and an analysis of it using financial key performance indicators as well as particulars of important events affecting the Group that have occurred since the end of the year ended 30 June 2022 (if any) are discussed in the "Financial Highlights and Land Bank", "Five-Year Financial Summary", "Chairman's Statement", "Business Model and Strategic Direction", "Review of Operations" and "Financial Review" sections on pages 4 to 99. A description of the principal risks and uncertainties facing the Group is set out in the "Corporate Governance Report" on pages 125 and 126. An account of the Group's key relationships with its stakeholders and a discussion on the Group's environmental policies and performance are included in the "Investor Relations" and "Sustainable Development" sections on pages 100 to 111 and the standalone Sustainability Report. The above discussions form part of this report.

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

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

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

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

Group Profits

Profit after taxation for the year ended 30 June 2022, including share of results from joint ventures and associates, amounted to HK$26,131 million (2021: HK$27,446 million). After taking perpetual capital securities holders' interests and non-controlling interests into account, profit attributable to the Company's shareholders was HK$25,560 million (2021: HK$26,686 million).

Dividends

An interim dividend of HK$1.25 per share (2021: HK$1.25 per share) was paid on 17 March 2022. The Board has recommended a final dividend of HK$3.70 per share (2021: HK$3.70 per share), making a total dividend of HK$4.95 per share for the full year ended 30 June 2022 (2021: HK$4.95 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Thursday, 3 November 2022 (the "2022 Annual General Meeting"), will be payable in cash on Thursday, 17 November 2022 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 9 November 2022. Shares of the Company will be traded ex-dividend as from Monday, 7 November 2022.

Shares Issued

No shares were issued by the Company during both the years ended 30 June 2021 and 2022.

Details of the share capital of the Company are set out in note 29 to the consolidated financial statements and on pages 175 and 176 respectively.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2022.

Reserves

Movements in the reserves of the Company and the Group during the year are shown in note 31 to the consolidated financial statements and on pages 175 and 176 respectively.

Investment Properties, and Property, Plant and Equipment

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

Directors' Report

Five-Year Financial Summary

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

Property Development and Property Investment

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

Directors

The list of Directors and their biographical information as at the date of this report are set out on page 2, and pages 152 to 163 respectively.

During the year ended 30 June 2022 and up to the date of this report, Mr. Lau Tak-yeung, Albert, Ms. Fung Sau-yim, Maureen and Mr. Chan Hong-ki, Robert were appointed as Executive Directors of the Company with effect from 23 August 2022. All other Directors held office for the whole year.

In accordance with Article 93 of the Company's articles of association (the "Articles of Association"), Mr. Lau Tak-yeung, Albert, Ms. Fung Sau-yim, Maureen and Mr. Chan Hong-ki, Robert, who were appointed as additional Directors of the Company by the Board after the annual general meeting of the Company held on 4 November 2021, will hold office until the 2022 Annual General Meeting and, being eligible, have offered themselves for re-election.

Besides, in accordance with Article 103(A) of the Articles of Association, Mr. Kwok Ping-luen, Raymond, Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard, Dr. Fung Kwok-lun, William, Dr. Leung Nai-pang, Norman, Mr. Fan Hung-ling, Henry, Mr. Kwan Cheuk-yin, William, Mr. Kwok Kai-wang, Christopher and Mr. Tung Chi-ho, Eric will retire from office and, being eligible, have also offered themselves for re-election at the 2022 Annual General Meeting. Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard, Dr. Fung Kwok-lun, William and Dr. Leung Nai-pang, Norman, all Independent Non-Executive Directors, have served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, their re-election will be subject to separate resolutions to be approved at the 2022 Annual General Meeting.

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

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

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

Directors' and Chief Executives' Interests

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

	Number of shares held							
Name of Directors	**Personal interests (held as beneficial owner)**	**Family interests (interests of spouse or child under 18)**	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of issued voting shares as at 30.06.2022**
Kwok Ping-luen, Raymond	188,743	1,580,000[1]	–	545,851,186[2&7]	547,619,929	–	547,619,929	18.90
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	–	–	–	667,403,372[4,5,7&8]	667,403,372	–	667,403,372	23.03
Kwok Kai-fai, Adam	–	–	32,000[3]	674,377,247[6,7&8]	674,409,247	–	674,409,247	23.27
Kwok Kai-wang, Christopher	110,000[9]	60,000[1]	–	672,804,601[2,7&8]	672,974,601	–	672,974,601	23.22
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	32,000	–	–	672,804,601[2,7&8]	672,836,601	–	672,836,601	23.22

Notes:

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

2. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 545,851,186 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.*

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

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

5. *Mr. Kwok Kai-chun, Geoffrey was also deemed to be interested in 329,276,061 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 547,423,832 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 545,851,186 shares, 329,276,061 shares and 547,423,832 shares in the Company as stated in Notes 2, 5 and 6 above respectively, Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 98,093,223 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

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

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

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

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

	Number of shares held						
Name of Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Sub-total	Number of underlying shares held under equity derivatives[1]	Total	% of issued voting shares as at 30.06.2022
Kwok Ping-luen, Raymond	–	–	3,485,000[2&3]	3,485,000	–	3,485,000	0.15
Wong Chik-wing, Mike	218,000	–	–	218,000	–	218,000	0.01
Lui Ting, Victor	356	–	–	356	–	356	0.00
Leung Nai-pang, Norman	341,000	142[4]	–	341,142	–	341,142	0.01
Leung Ko May-yee, Margaret	1,000	2,000[4]	–	3,000	–	3,000	0.00
Kwok Kai-chun, Geoffrey	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-fai, Adam	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-wang, Christopher	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57
Fung Yuk-lun, Allen	4,000,000	–	–	4,000,000	8,000,000	12,000,000	0.51
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57

Notes:

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

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

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

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

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

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

Name of Directors	Number of shares held: Personal interests (held as beneficial owner)	Other interests	Sub-total	Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 30.06.2022
Kwok Ping-luen, Raymond	–	5,162,337[1]	5,162,337	–	5,162,337	0.47
Kwok Kai-chun, Geoffrey	–	6,849,161[2]	6,849,161	–	6,849,161	0.62
Kwok Kai-fai, Adam	–	6,849,161[2]	6,849,161	–	6,849,161	0.62
Kwok Kai-wang, Christopher	–	12,011,498[1&2]	12,011,498	–	12,011,498	1.09
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	12,011,498[1&2]	12,011,498	–	12,011,498	1.09

Notes:

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

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

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

Name of Directors	Number of shares held: Personal interests (held as beneficial owner)	Sub-total	Number of underlying shares held under equity derivatives[1]	Total	% of issued voting shares as at 30.06.2022
Kwok Ping-luen, Raymond	547,329[2]	547,329	400,000	947,329	0.20
Lui Ting, Victor	300,000	300,000	–	300,000	0.06
Li Ka-cheung, Eric	17,600	17,600	400,000	417,600	0.09
Leung Nai-pang, Norman	278,956	278,956	450,000	728,956	0.15
Fung Yuk-lun, Allen	–	–	400,000	400,000	0.08

Notes:

1. *These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by Transport International under its share option scheme. Details of these share options and their movements during the year ended 30 June 2022 were as follows:*

Name of Directors	Date of grant	Exercise price per share (HK$)	Exercise period	Number of share options				
				Balance as at 01.07.2021	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2022
Kwok Ping-luen, Raymond	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
Li Ka-cheung, Eric	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
Leung Nai-pang, Norman	19.11.2020	15.32	19.11.2021 to 18.11.2025	450,000	–	–	–	450,000
Fung Yuk-lun, Allen	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000

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

2. *Of these shares in Transport International, 542,986 shares were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.*

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

Name of associated corporations	Actual shares held through corporation	Actual % of interests in issued voting shares as at 30.06.2022
Splendid Kai Limited *(commenced members' voluntary liquidation on 15 June 2022)*	2,500[1]	25.00
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 30 June 2022, none of the Directors or chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option and Share Award Schemes

1. Share option scheme of the Company

At the annual general meeting of the Company held on 15 November 2012, the Shareholders passed an ordinary resolution to approve the adoption of a share option scheme (the "Share Option Scheme").

During the year ended 30 June 2022, no share options were granted under the Share Option Scheme and there were no outstanding share options granted under the Share Option Scheme.

The major terms of the Share Option Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

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

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

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

   The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. As at 8 September 2022, the number of shares of the Company available for issue in respect thereof was 252,464,604 shares, representing approximately 8.71% of the issued shares of the Company.

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

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

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

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

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

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

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

9. The Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption of the Share Option Scheme on 15 November 2012.

2. Share option schemes of the subsidiaries

(a) SUNeVision

On 1 November 2012, SUNeVision adopted a share option scheme which became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 15 November 2012 (the "SUNeVision Share Option Scheme").

During the year ended 30 June 2022, SUNeVision granted 11,320,000 share options under the SUNeVision Share Option Scheme on 4 May 2022. Particulars of the outstanding share options granted under the SUNeVision Share Option Scheme and their movements during the year ended 30 June 2022 were as follows:

Grantees	Date of grant	Exercise price per share (HK$)	Exercise period[1]	Number of share options: Balance as at 01.07.2021	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2022	Closing price per share (HK$)
(i) Directors of SUNeVision									
Fung Yuk-lun, Allen	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	–	–	–	4,000,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	4,000,000	–	–	4,000,000	6.55[2]
Other directors of SUNeVision	19.06.2018	5.048	19.06.2019 to 18.06.2023	5,500,000	–	–	–	5,500,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,790,000	–	–	–	2,790,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	9,000,000	–	–	–	9,000,000	N/A
(ii) Other employees of the SUNeVision group	19.06.2018	5.048	19.06.2019 to 18.06.2023	970,000	–	(40,000)	–	930,000	7.95[3]
	22.05.2019	6.688	22.05.2020 to 21.05.2024	3,017,000	–	(30,000)	(180,000)	2,807,000	7.18[3]
	17.06.2020	5.39	17.06.2021 to 16.06.2025	10,030,000	–	(1,208,000)	(1,050,000)	7,772,000	6.76[3]
	17.06.2020	5.39	01.07.2021 to 16.06.2025	500,000	–	(50,000)	–	450,000	7.28[3]
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	–	–	–	600,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	4,370,000	–	–	(220,000)	4,150,000	N/A
	05.05.2021	7.982	15.07.2022 to 04.05.2026	400,000	–	–	–	400,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	6,870,000	–	–	6,870,000	6.55[2]
	04.05.2022	6.532	01.06.2023 to 03.05.2027	N/A	350,000	–	–	350,000	6.55[2]
(iii) Other participants of the SUNeVision Share Option Scheme	17.06.2020	5.39	17.06.2021 to 16.06.2025	200,000	–	(60,000)	(140,000)	–	7.00[3]
	05.05.2021	7.982	05.05.2022 to 04.05.2026	400,000	–	–	(400,000)	–	N/A
	05.05.2021	7.982	05.10.2022 to 04.05.2026	800,000	–	–	–	800,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	100,000	–	–	100,000	6.55[2]
Total				42,577,000	11,320,000	(1,388,000)	(1,990,000)	50,519,000	

Notes:

1. *The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant (except that for the exercise periods of the share options granted to certain employees of the SUNeVision group and/or other participants of the SUNeVision Share Option Scheme on 17 June 2020, 5 May 2021 and 4 May 2022 respectively, such share options can be exercised up to 30% of the grant from the first anniversary of the date of completion of one year's employment or secondment of the respective employees or participants (the "Date of Completion"), up to 60% of the grant from the second anniversary of the Date of Completion, and in whole or in part of the grant from the third anniversary of the Date of Completion).*

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

3. *This represented the weighted average closing price of the shares of SUNeVision immediately before the dates on which the share options were exercised.*

Save as disclosed above, there were no outstanding share options granted under the SUNeVision Share Option Scheme during the year ended 30 June 2022.

The fair values of the share options granted by SUNeVision were determined by using the Black-Scholes model which is one of the models to estimate the fair value of a share option. The total value of the share options granted during the year ended 30 June 2022 under the SUNeVision Share Option Scheme amounting to approximately HK$14,142,000 (2021: HK$37,131,000) was estimated based on the following variables and assumptions:

	Options granted during 2022	**Options granted during 2021**
Risk-free interest rate	2.71%[1]	0.61%
Expected volatility	24.95%[2]	42.90%
Expected dividend yield	2.97%[3]	2.22%
Expected life of the share options	5 years[4]	5 years

Notes:

1. *This represented the approximate yield of 5-year Exchange Fund Note traded on 4 May 2022.*

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

3. *This represented the yield of the expected dividend, being the historical dividend of the shares of SUNeVision in the year preceding the date of grant.*

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

The value of a share option of SUNeVision varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option of SUNeVision.

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

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

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

3. The total number of shares of SUNeVision which may be issued upon exercise of all share options to be granted under the SUNeVision Share Option Scheme and any other share option schemes of SUNeVision shall not in aggregate exceed 10% of the total number of shares of SUNeVision in issue as at the date of approval of the SUNeVision Share Option Scheme by the shareholders of SUNeVision. The 10% limit may be refreshed with the approval of the shareholders of SUNeVision in general meeting. The maximum number of shares of SUNeVision which may be issued upon exercise of all outstanding options granted and yet to be exercised under the SUNeVision Share Option Scheme and any other share option schemes of SUNeVision must not exceed 30% of the total number of shares of SUNeVision in issue from time to time (or such higher percentage as may be allowed under the Listing Rules). As at 8 September 2022, the number of shares of SUNeVision available for issue under the SUNeVision Share Option Scheme was 215,548,953 shares, representing approximately 9.22% of the issued shares of SUNeVision.

4. The total number of shares of SUNeVision issued and to be issued upon exercise of the share options granted under the SUNeVision Share Option Scheme and any other share option schemes of SUNeVision to each participant (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the total number of shares of SUNeVision in issue.

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

6. Unless otherwise determined by the board of SUNeVision and specified in the offer letter at the time of the offer, there is neither any performance target that needs to be achieved by the grantee before a share option can be exercised nor any minimum period for which a share option must be held before the share option can be exercised.

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

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

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

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

   - the nominal value of the shares of SUNeVision.

9. The SUNeVision Share Option Scheme shall be valid and effective for a period of ten years commencing on the day on which the SUNeVision Share Option Scheme takes effect.

(b) SmarTone

On 2 November 2011, SmarTone adopted a share option scheme which became effective on 8 December 2011 and expired on 1 November 2021 (the "Old SmarTone Share Option Scheme"). In order to ensure continuity of a share option scheme for SmarTone, SmarTone adopted a new share option scheme on 2 November 2021, which became effective on 4 November 2021 following the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 4 November 2021 (the "New SmarTone Share Option Scheme").

During the year ended 30 June 2022, no share options were granted under the Old SmarTone Share Option Scheme or the New SmarTone Share Option Scheme and there were no outstanding share options granted under any of the aforesaid schemes.

The major terms of the New SmarTone Share Option Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

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

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

3. The total number of shares of SmarTone which may be issued upon exercise of all options to be granted under the New SmarTone Share Option Scheme and any other share option schemes of SmarTone must not in aggregate exceed 10% of the shares of SmarTone in issue as at the date of approval of the New SmarTone Share Option Scheme by the shareholders of SmarTone. SmarTone may seek approval by its shareholders in general meeting for "refreshing" the 10% limit under the New SmarTone Share Option Scheme. However, the total number of shares of SmarTone which may be issued upon exercise of all options to be granted under all of the New SmarTone Share Option Scheme and any other share option schemes of SmarTone under the limit as "refreshed" must not exceed 10% of the shares of SmarTone in issue as at the date of approval of the limit. The limit on the number of shares of SmarTone which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New SmarTone Share Option Scheme and any other share option schemes of SmarTone must not exceed 30% of the shares of SmarTone in issue from time to time. As at 8 September 2022, the number of shares of SmarTone available for issue in respect thereof was 111,098,860 shares which represented approximately 10.04% of the issued shares of SmarTone.

4. The maximum entitlement of each participant under the New SmarTone Share Option Scheme is that the total number of shares of SmarTone issued and to be issued upon exercise of the options granted to such participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the shares of SmarTone in issue. Where any further offer of the grant of options to a participant would result in the shares of SmarTone issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further offer representing in aggregate over 1% of the shares of SmarTone in issue, such further offer of grant must be separately approved by the shareholders of SmarTone in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting.

5. The exercise period of any option granted under the New SmarTone Share Option Scheme shall be determined by the board of SmarTone but such period must not exceed ten years from the date on which the offer of the grant of the relevant option is made.

6. Unless otherwise determined by the board of SmarTone and specified in the offer letter at the time of offer, there is neither any performance target that needs to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised.

7. An option shall be deemed to have been accepted when the duplicate of the offer letter, comprising acceptance of the option, duly signed by the grantee together with a remittance in favor of SmarTone of HK$1.00 by way of consideration for the grant thereof is received by the secretary of SmarTone within 28 days from the date of offer.

8. The subscription price shall be determined by the board of SmarTone and notified to a participant at the time of the offer of the option(s) and shall be at least the highest of:

- the closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a business day;
- the average closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and
- the nominal or par value of the shares of SmarTone.

9. The New SmarTone Share Option Scheme shall be valid and effective for a period of ten years commencing from the adoption of the New SmarTone Share Option Scheme on 2 November 2021.

3. *Share award scheme of SmarTone*

On 29 June 2018, the board of SmarTone adopted a share award scheme (the "SmarTone Share Award Scheme"). Pursuant to the rules of the SmarTone Share Award Scheme, shares of SmarTone will be acquired by a trustee at the cost of SmarTone and be held in trust for selected employees of the SmarTone group until the end of each vesting period.

During the year ended 30 June 2022, no shares were awarded under the SmarTone Share Award Scheme. Particulars of the outstanding shares awarded under the SmarTone Share Award Scheme and their movements during the year ended 30 June 2022 were as follows:

			Number of awarded shares				
Awardees	**Date of award**	**Vesting period**[1]	**Balance as at 01.07.2021**	**Awarded during the year**	**Vested during the year**	**Lapsed during the year**	**Balance as at 30.06.2022**
(i) Director of SmarTone	31.01.2019	31.01.2020 to 31.01.2022	29,200	–	(29,200)	–	–
(ii) Other employees of the SmarTone group	31.01.2019	31.01.2020 to 31.01.2022	485,110	–	(427,655)	(57,455)	–
	28.02.2020	28.02.2021 to 28.02.2023	895,370	–	(332,715)	(144,850)	417,805
Total			1,409,680	–	(789,570)	(202,305)	417,805

Note:

1. 30% of the awarded shares shall vest on the first and second anniversary date of the date of award and the balance shall vest on the third anniversary date of the date of award.

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

1. The specific objectives of the SmarTone Share Award Scheme are (i) to recognise the contributions by certain employees of the SmarTone group and to provide them with incentives in order to retain them for the continual operation and development of the SmarTone group; and (ii) to attract suitable personnel for further development of the SmarTone group.

2. The SmarTone Share Award Scheme shall be subject to the administration of the board of SmarTone in accordance with the rules of the SmarTone Share Award Scheme.

3. Subject to any early termination as may be determined by the board of SmarTone pursuant to the rules of the SmarTone Share Award Scheme, the SmarTone Share Award Scheme shall be valid and effective for a term of ten years commencing on the date of adoption of the SmarTone Share Award Scheme on 29 June 2018.

4. The total number of shares of SmarTone that may be awarded under the SmarTone Share Award Scheme shall not exceed 10% of the shares of SmarTone in issue (i.e. 1,124,269,277 shares) as at the date of adoption of the SmarTone Share Award Scheme.

5. Pursuant to the rules of the SmarTone Share Award Scheme, the board of SmarTone may, from time to time, at its absolute discretion select any employee of the SmarTone group (excluding any excluded employee as defined in the rules of the SmarTone Share Award Scheme) for participation in the SmarTone Share Award Scheme as a selected employee and determine the reference awarded sum for the purchase and/or allocation of awarded shares.

   The board of SmarTone shall cause to be paid to a trustee an amount equal to the aggregate of the reference awarded sums and the related purchase expenses. The trustee shall purchase from the market the relevant number of shares of SmarTone in accordance with written instructions issued by the board of SmarTone from time to time and shall hold such shares until they are vested in accordance with the rules of the SmarTone Share Award Scheme.

   When a selected employee of the SmarTone group has satisfied all vesting conditions specified by the board of SmarTone at the time of making the award and becomes entitled to the shares forming the subject of the award, the trustee shall transfer the relevant awarded shares to that selected employee.

6. Subject to any applicable provisions of the rules of the SmarTone Share Award Scheme, the awarded shares shall vest in accordance with the timetable as set out in the rules of the SmarTone Share Award Scheme. 30% of the awarded shares shall vest on the first and second anniversary date of the date of award and the balance shall vest on the third anniversary date of the date of award. Vesting of the awarded shares will be conditional on the selected employee remaining an employee of the SmarTone group until and on each of the relevant vesting dates.

   Where the awarded shares do not vest in accordance with the rules of the SmarTone Share Award Scheme, the trustee shall hold such shares for the benefit of one or more employees of the SmarTone group as it determines in its discretion, after having taken into account the recommendations of the board of SmarTone.

7. The trustee shall not exercise the voting rights in respect of any shares of SmarTone held under the trust.

8. The SmarTone Share Award Scheme shall terminate on the earlier of the 10th anniversary date of the date of adoption of the SmarTone Share Award Scheme or such date of early termination as determined by the board of SmarTone provided that such termination shall not affect any subsisting rights of the selected employees.

Arrangement to Purchase Shares or Debentures

Other than the share option and share award schemes as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Equity-linked Agreements

Other than the share option scheme of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Interests of Substantial Shareholders and Other Persons

As at 30 June 2022, substantial shareholders of the Company and other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

	Number of shares held				
	Personal interests (held as beneficial owner)	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Total**	**% of issued voting shares as at 30.06.2022**
(i) Substantial shareholders					
HSBC Trustee (C.I.) Limited	–	–	1,009,790,008[1,2,3&4]	1,009,790,008	34.85
Kwong Siu-hing	25,024	–	791,641,737[1&4]	791,666,761	27.32
Adolfa Limited ("Adolfa")	231,182,838	98,093,223	–	329,276,061[4&5]	11.36
Bertana Limited ("Bertana")	231,182,838	98,093,223	–	329,276,061[4&6]	11.36
Cyric Limited ("Cyric")	231,182,838	98,093,223	–	329,276,061[4&7]	11.36
(ii) Other persons					
Credit Suisse Trust Limited	–	–	216,586,592[8&9]	216,586,592	7.47
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	194,442,095[2]	–	–	194,442,095	6.71
Thriving Talent Holdings Limited	–	194,442,095[2]	–	194,442,095	6.71
Rosy Result Limited	189,149,595[8]	–	–	189,149,595	6.53
Asporto Limited	187,357,707[10]	–	–	187,357,707	6.47

Notes:

1. *Madam Kwong Siu-hing was deemed to be interested in 791,641,737 shares in the Company by virtue of her being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares formed part of the shares in the Company in which HSBC Trustee (C.I.) Limited was deemed to be interested by virtue of it being the trustee of certain discretionary trusts and were therefore duplicated between these two substantial shareholders.*

2. *In addition to the deemed interests as stated in Note 1 above, HSBC Trustee (C.I.) Limited was deemed to be interested in 218,147,771 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 194,442,095 shares represented the same interests held by Thriving Talent Limited (which was a wholly-owned subsidiary of Thriving Talent Holdings Limited) and were therefore duplicated amongst them.*

   The 218,147,771 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.

3. *HSBC Trustee (C.I.) Limited was also deemed to be interested in 500 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, 98,093,223 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 98,093,223 shares represented the same interests and were therefore duplicated amongst these companies. Further, the respective shares held by Adolfa, Bertana and Cyric formed part of the shares in the Company in which each of Madam Kwong Siu-hing and HSBC Trustee (C.I.) Limited was deemed to be interested.*

5. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*

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

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

8. *Credit Suisse Trust Limited was deemed to be interested in 216,575,125 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 189,149,595 shares represented the same interests held by Rosy Result Limited and were therefore duplicated between them.*

   The 216,575,125 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

9. *In addition to the deemed interests as stated in Note 8 above, Credit Suisse Trust Limited was deemed to be interested in 11,467 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.*

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

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

Save as disclosed above, as at 30 June 2022, there were no other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

Emolument Policy and Long-term Incentive Schemes of the Group

As at 30 June 2022, the Group employed more than 40,500 employees. The related employees' costs before reimbursements for the year amounted to approximately HK$13,126 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 are in place to provide appropriate long-term incentive to the key staff of the Group. Details of the share option and share award schemes of the Group are set out in the section headed "Share Option and Share Award Schemes".

Basis of Determining Emolument to Directors

The same remuneration philosophy also applies to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Executive Directors, including the share option scheme, which is the same as that offered to other employees of the Group.

Permitted Indemnity

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

Bank and Other Borrowings

Details of bank and other borrowings as at 30 June 2022 are set out in notes 23 and 26 to the consolidated financial statements.

Interest Capitalized

Interest capitalized during the year amounted to HK$857 million (2021: HK$702 million).

Charitable Donations

HK$102 million (2021: HK$46 million) was donated by the Group during the year.

Directors' Interests in Competing Businesses

The interests of the Directors of the Company in competing businesses that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

The businesses of the Group principally consist of (i) property developments and investments in Hong Kong, on the mainland and in Singapore, and (ii) hotel operations in Hong Kong and on the mainland. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward (the Alternate Director to Mr. Kwok Ping-luen, Raymond) (collectively the "Kwok Family") maintain certain interests in businesses which consist of property developments and investments in Hong Kong, Singapore and the United Kingdom, and hotel operations in Hong Kong. As such, they are regarded as being interested in the competing businesses with the Group (the "Excluded Businesses"). However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. The Kwok Family does not have property development and investment businesses and hotel operation business on the mainland. Therefore, they are not regarded as being interested in such Excluded Businesses on the mainland.

The businesses of Transport International consist of property holdings and developments. Messrs. Kwok Ping-luen, Raymond and Fung Yuk-lun, Allen are non-executive directors of Transport International, and therefore, each of them is regarded as being interested in such Excluded Businesses.

The businesses of Wing Tai Properties Limited ("Wing Tai") consist of property developments, property investments and management, and hospitality investments and management. Mr. Kwok Ping-luen, Raymond is a non-executive director of Wing Tai and Mr. Kwok Ho-lai, Edward is his alternate, and therefore, each of them is regarded as being interested in such Excluded Businesses.

The businesses of Empire Group Holdings Limited ("Empire Group") consist of property investments and developments, and hotel operations. Mr. Kwok Kai-chun, Geoffrey is a director of Empire Group and is entitled to exercise, or control the exercise of, 10% or more of the voting power at any of its general meetings, and therefore is regarded as being interested in such Excluded Businesses. However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. Mr. Kwok Kai-chun, Geoffrey is a Non-Executive Director of the Company.

Other than the family businesses of the Kwok Family, the above-mentioned Excluded Businesses are managed by separate companies or public listed companies with independent management and administration. In this respect, coupled with the diligence of the Independent Non-Executive Directors and the Audit and Risk Management Committee of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the Excluded Businesses mentioned above.

Connected Transactions

During the period from the date of the 2020/21 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

Directors' Material Interests in Transactions, Arrangements and Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Major Customers and Suppliers

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

Auditor

The retiring auditor, Messrs. Deloitte Touche Tohmatsu, has signified its willingness to continue in office. A resolution will be proposed at the 2022 Annual General Meeting to re-appoint it and to authorize the Directors to fix its remuneration.

Audit and Risk Management Committee

The annual results for the year have been reviewed by the Audit and Risk Management Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 112 to 129.

Sufficiency of Public Float

As at the date of this report, based on information that was publicly available to the Company and within the knowledge of the Directors, the Company maintained the amount of public float as required under the Listing Rules.

This report is signed for and on behalf of the Board.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 8 September 2022

Directors' Biographical Information

Directors

Kwok Ping-luen, Raymond
Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 69)

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 44 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 member of the 13th National Committee of the Chinese People's Political Consultative Conference. He is also a director of The Real Estate Developers Association of Hong Kong and a member of the council of The Chinese University of Hong Kong.

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

For the year ended 30 June 2022, 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$3.53 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: 66)

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. Also, he is 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 2022, 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$28.75 million.

Lui Ting, Victor
BBA
Deputy Managing Director (Age: 68)

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 2022, 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$29.08 million.

Yip Dicky Peter
MBA, BBS, MBE, JP
Independent Non-Executive Director (Age: 75)

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., South China Holdings Company Limited and DBS Bank in Hong Kong and on the mainland, and the founding chairman of Ping An OneConnect Bank (Hong Kong) Limited. Mr. Yip was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015. He is currently an independent director of S.F. Holding Co., Ltd.

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 2022, Mr. Yip is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Nomination Committee of the Company.

Directors' Biographical Information

Professor Wong Yue-chim, Richard
SBS, JP
Independent Non-Executive Director (Age: 70)

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 2022, 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: 69)

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 is a member of the 13th National Committee of the Chinese People's Political Consultative Conference. He was 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 2022, Dr. Li is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$320,000 for being the Chairman of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Remuneration Committee of the Company. He is also entitled to receive other emoluments in the total sum of HK$288,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Fung Kwok-lun, William
SBS, OBE, JP
Independent Non-Executive Director (Age: 73)

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. Dr. Fung resigned as an executive director of Global Brands Group Holding Limited (in liquidation and delisted on 25 July 2022) on 1 July 2022. 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 2022, 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: 82)

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 2022, Dr. Leung is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Directors' Biographical Information

Leung Ko May-yee, Margaret
SBS, JP
Independent Non-Executive Director (Age: 70)

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 and Agricultural Bank of China Limited. She has been appointed as an independent non-executive director of China Mobile Limited with effect from 18 May 2022. 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 vice 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 and the Public Service Commission all of the Government of the Hong Kong Special Administrative Region, and a non-ex officio member of The Law Reform Commission of Hong Kong. She is also 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, a member of the board of directors and the finance committee of the Hospital Authority, and a Steward of The Hong Kong Jockey Club.

For the year ended 30 June 2022, 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: 74)

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

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

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

For the year ended 30 June 2022, Mr. Fan is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Wu Xiang-dong
MBA, M.E., B.E.
Independent Non-Executive Director (Age: 55)

Mr. Wu has been an Independent Non-Executive Director of the Company since September 2019. He holds a double Bachelor's degree in Construction Management and Engineering Mechanics, as well as a Master's degree in Municipal Engineering from Tsinghua University and an MBA degree from the University of San Francisco.

Mr. Wu has over 26 years of experience in corporate management and commercial property operation. He was an executive director of China Resources Land Limited ("CRL") for the period from June 2009 to February 2019 and also worked as the executive vice president, the managing director and the chairman of the board of directors of CRL for certain time during such period. He then acted as a co-chairman, the chief executive officer and the president of China Fortune Land Development Co., Ltd. until April 2022. Mr. Wu was also an independent director of Yango Group Co., Ltd.

For the year ended 30 June 2022, Mr. Wu is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Directors' Biographical Information

Kwan Cheuk-yin, William
LLB
Non-Executive Director (Age: 87)

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 59 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 2022, Mr. Kwan is entitled to receive fees of HK$300,000 for being a Director of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Kwok Kai-chun, Geoffrey
BA
Non-Executive Director (Age: 37)

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

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward. He is a director of Asporto Limited, which has interests in the shares of the Company and such interests have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

For the year ended 30 June 2022, 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
Executive Director (Age: 39)

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 has been appointed as an independent non-executive director of The Bank of East Asia (China) Limited with effect from 4 July 2022.

In addition, Mr. Kwok is a vice-president of The Real Estate Developers Association of Hong Kong, 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. He is also a standing committee member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a founder and deputy chairman of Hong Kong Guangdong Youth Association, a standing committee member of All-China Youth Federation, a member of the chairman's committee of Friends of Hong Kong Association Development Foundation and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation. Mr. Kwok was awarded the Silver Bauhinia Star in 2022 by the Government of the Hong Kong Special Administrative Region in recognition of his unfailing support for the Government's policies relating to housing and land supply, help for the underprivileged and youth development.

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 2022, 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$9.39 million.

Directors' Biographical Information

Kwok Kai-wang, Christopher
MBA, BSc
Executive Director (Age: 35)

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 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.

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

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

For the year ended 30 June 2022, 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$8.70 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, Authorized Person (List of Architects)
Executive Director (Age: 63)

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 2022, 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$22.80 million, including a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd.

Fung Yuk-lun, Allen
BA, Ph.D.
Executive Director (Age: 54)

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, an honorary secretary of The Hong Kong Federation of Youth Groups, and a council member and an executive committee member 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 2022, 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$22.46 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: 57)

Mr. Lau has been appointed as an Executive Director of the Company with effect from 23 August 2022. He 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. He is a member of the Executive Committee of the Company and also a director of certain subsidiaries of the Company. 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 HK$300,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) for being a Director of the Company and other projected emoluments of approximately HK$18.20 million per annum.

Directors' Biographical Information

Fung Sau-yim, Maureen

BSc(Hons) Est. Mgt., MHousMan (Distinction), MBA, FHKIS, FRICS, RPS (GP), CIREA, FISCM

Executive Director (Age: 60)

Ms. Fung has been appointed as an Executive Director of the Company with effect from 23 August 2022. She 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 a member of the Executive Committee of the Company and also a director of certain subsidiaries of the Company. Ms. Fung 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 and the Tourism Strategy Group under the Tourism Commission. She was granted Hong Kong ten outstanding woman volunteer award by Radio Television Hong Kong and Hong Kong Young Women's Christian Association, the Secretary of Home Affair's Certificate of Commendation and the Chief Executive's Commendation for Community Service.

Ms. Fung is entitled to receive a fee of HK$300,000 per annum (or a pro rata amount for the duration of her directorship for an incomplete year) for being a Director of the Company and other projected emoluments of approximately HK$20 million per annum.

Chan Hong-ki, Robert

BSc(BS), MHKIS, MRICS, RPS(BS), AP(Surveyor)

Executive Director (Age: 58)

Mr. Chan has been appointed as an Executive Director of the Company with effect from 23 August 2022. He 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 member of the Executive Committee of the Company and also a director of certain subsidiaries of the Company. Mr. Chan 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 HK$300,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) for being a Director of the Company and other projected emoluments of approximately HK$15 million per annum, including a fee of HK$45,000 per annum for being a director of SUNeVision Holdings Ltd.

Kwok Ho-lai, Edward
EMBA, BA
Alternate Director to Kwok Ping-luen, Raymond (Age: 41)

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 and shall be eligible for re-election at the annual general meetings of the Company, and the appointment of Alternate Directors will cease if their appointors cease to be Directors of the Company.

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

Senior Management

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

Executive Committee

Executive Committee

All Executive Directors of the Company are members of the Executive Committee of the Company. Other members and their profiles are as follows:

Yung Sheung-tat, Sandy

BA(Law)Hons

Mr. Yung holds a Bachelor of Arts degree in Law from Middlesex University, England. He has been qualified as a solicitor in Hong Kong since 1987 and was admitted as a solicitor in England and Wales in 1991 and as an advocate and solicitor in Singapore in 1995. Mr. Yung joined the Group in 1996 and is currently the Group General Counsel and Company Secretary of the Company. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since July 2009.

Li Ching-kam, Frederick

FCCA, CPA

Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He joined the Group in 1989 and is currently the Group Chief Accountant. Mr. Li has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since October 2015.

Lam Ka-keung, Henry

BSc(Hons), MSc(Const & Real Est)

Mr. Lam holds a Bachelor degree of Science from The Chinese University of Hong Kong and a Master degree of Science in Construction and Real Estate from The Hong Kong Polytechnic University. He joined the Group in 1993 and is currently responsible for strategic planning of shopping malls and new project development with retail component. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since April 2019.

The following are the associate members of the Executive Committee, who hold major positions in the Group, and who have been invited by the Executive Committee to attend its meetings regularly and to contribute their experience and expertise to assist the Executive Committee in its decision-making process:

Mak Nak-keung	–	Corporate Advisor (until 30 September 2022)
Sum Hong-ning, Brian	–	General Manager, Corporate Planning
Lung Po-kwan	–	Chief Financial Officer, Mainland China
Fung Chu-hee, Andrew	–	Manager, Chairman’s Office

Independent Auditor's Report and Consolidated Financial Statements

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF SUN HUNG KAI PROPERTIES LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 171 to 240, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole and because significant judgment is involved in determining the inputs used in the valuation. As at 30 June 2022, the Group's investment properties amounted to HK$398,729 million which represented 49.4% of the Group's total assets. Decrease in fair value of investment properties of HK$2,619 million was recognized in the consolidated income statement for the year then ended. The Group's investment properties are stated at fair value based on the valuation carried out by independent qualified valuers (the "Valuers"). The valuation was dependent on certain key estimates which requires significant judgment, including capitalization rates. The valuation of investment properties under development are also dependent on the estimated costs to complete and expected developer's profit margin. Details of the valuation methodology and key inputs used in the valuation are disclosed in note 12 to the consolidated financial statements.	Our procedures in relation to the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers; • Assessing the appropriateness and reasonableness of the valuation methodology, key assumptions and estimates used in the valuations, by comparing them to an estimated range, on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry; and • Assessing the completeness and consistency of information provided by the Group to the Valuers; and evaluating the accuracy of the key inputs used in the valuation on a sample basis.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Assessment of the net realizable values of properties for sale	
We identified the assessment of the net realizable values of properties for sale as a key audit matter as the properties for sale is significant to the Group's consolidated financial statements as a whole; and the Group's assessment of the carrying values of properties for sale, being the lower of cost and net realizable value, takes into account the price ultimately expected to be realized and the anticipated costs to completion. As disclosed in note 20 to the consolidated financial statements, the Group's properties for sale amounted to HK$207,136 million which represented 25.6% of the Group's total assets, as at 30 June 2022.	Our procedures in relation to the Group's assessment of the net realizable values of properties for sale included: • Assessing the reasonableness of the net realizable values of properties for sale, on a sample basis, by comparing the carrying values with the market prices achieved less future costs to completion in the same projects or comparable properties, based on our knowledge of the Group's business and current market development in the real estate industry; and • Obtaining an understanding of the management's process in estimating the future costs to completion for the properties under development for sale; and assessing the reasonableness of their estimations, on a sample basis, by comparing the expected costs to the Group's development budgets and the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents.
Revenue recognition of property sales	
We identified revenue recognition of property sales as a key audit matter as it is significant to the consolidated income statement and there is judgment involved in determining the appropriate point in time for recognizing revenue from property sales. The Group's revenue from property sales for the year ended 30 June 2022 amounted to HK$33,312 million, which is disclosed in note 3 to the consolidated financial statements, and represented 42.8% of the Group's revenue. As disclosed in note 2(c)(i) to the consolidated financial statements, revenue from sale of properties is recognized when control over the ownership or physical possession of the property is transferred to the customers.	Our procedures in relation to revenue recognition of property sales included: • Obtaining an understanding on the management's controls over the determination of appropriate point in time to recognize revenue and testing the effectiveness of such controls; and • Assessing whether the controls over the ownership of the properties have been transferred to the buyers, on a sample basis, with reference to the correspondences issued by the relevant government authorities and the terms set out in the sales and purchase agreements and checking the status of the transfer of the properties to the buyers and the settlement of the considerations for the property sales.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 September 2022

Consolidated Income Statement

For the year ended 30 June 2022
(Expressed in millions of Hong Kong dollars)

	Notes	2022	2021
Revenue	3(a)	**77,747**	85,262
Cost of sales		**(37,906)**	(40,493)
Gross profit		**39,841**	44,769
Other net income		**601**	250
Selling and marketing expenses		**(4,047)**	(5,009)
Administrative expenses		**(3,033)**	(2,765)
Operating profit		**33,362**	37,245
Change in fair value of investment properties		**(2,619)**	(1,551)
Finance costs		**(2,116)**	(2,477)
Finance income		**369**	487
Net finance costs	5	**(1,747)**	(1,990)
Share of results of:			
Associates		**214**	723
Joint ventures		**2,576**	2,249
		2,790	2,972
Profit before taxation	6	**31,786**	36,676
Taxation	9	**(5,655)**	(9,230)
Profit for the year		**26,131**	27,446
Profit for the year attributable to:			
Company's shareholders		**25,560**	26,686
Perpetual capital securities holders		**–**	66
Non-controlling interests		**571**	694
		26,131	27,446
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	11(a)		
Basic and diluted		**$8.82**	$9.21
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)	11(b)		
Basic and diluted		**$9.91**	$10.31

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022
(Expressed in millions of Hong Kong dollars)

	2022	2021
Profit for the year	**26,131**	27,446
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of Mainland operations		
– exchange difference arising during the year	**(2,570)**	7,596
– exchange gains released on disposal of subsidiaries	**(229)**	–
	(2,799)	7,596
Cash flow hedge		
– fair value gains/(losses) recognized directly through other comprehensive income	**627**	(308)
– fair value gains transferred to consolidated income statement	**(110)**	(30)
	517	(338)
Debt securities		
– fair value (losses)/gains recognized directly through other comprehensive income	**(25)**	26
– fair value gains transferred to consolidated income statement	**(6)**	–
	(31)	26
Share of other comprehensive (loss)/income of associates and joint ventures	**(941)**	2,195
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment upon transfer to investment properties	**49**	–
Fair value (losses)/gains of equity securities at fair value through other comprehensive income	**(56)**	192
Share of other comprehensive income of an associate	**157**	178
Other comprehensive (loss)/income for the year	**(3,104)**	9,849
Total comprehensive income for the year	**23,027**	37,295
Total comprehensive income for the year attributable to:		
Company's shareholders	**22,483**	36,317
Perpetual capital securities holders	**–**	66
Non-controlling interests	**544**	912
	23,027	37,295

Consolidated Statement of Financial Position

As at 30 June 2022
(Expressed in millions of Hong Kong dollars)

	Notes	2022	2021
Non-current assets			
Investment properties	12	**398,729**	395,879
Property, plant and equipment	13	**44,955**	42,921
Associates	14	**7,171**	7,093
Joint ventures	15	**94,221**	94,388
Financial investments	16	**3,030**	3,229
Intangible assets	17	**5,815**	4,273
Other non-current assets	18	**3,996**	5,803
		557,917	553,586
Current assets			
Properties for sale	20	**207,136**	200,934
Inventories		**478**	362
Trade and other receivables	21	**21,015**	18,373
Financial investments	16	**698**	1,383
Bank deposits and cash	22	**20,323**	21,781
		249,650	242,833
Current liabilities			
Bank and other borrowings	23	**(15,857)**	(20,979)
Trade and other payables	24	**(30,204)**	(28,210)
Deposits received on sales of properties	25	**(3,039)**	(8,644)
Current tax payable		**(13,276)**	(15,366)
		(62,376)	(73,199)
Net current assets		**187,274**	169,634
Total assets less current liabilities		**745,191**	723,220
Non-current liabilities			
Bank and other borrowings	26	**(109,074)**	(95,844)
Deferred tax liabilities	27	**(25,533)**	(25,694)
Other non-current liabilities	28	**(3,840)**	(2,056)
		(138,447)	(123,594)
NET ASSETS		**606,744**	599,626
CAPITAL AND RESERVES			
Share capital	29	**70,703**	70,703
Reserves		**531,243**	523,117
Shareholders' equity		**601,946**	593,820
Non-controlling interests		**4,798**	5,806
TOTAL EQUITY		**606,744**	599,626

Directors:
Kwok Ping-luen, Raymond
Lui Ting, Victor

Consolidated Statement of Cash Flows

For the year ended 30 June 2022
(Expressed in millions of Hong Kong dollars)

	Notes	2022	2021
Operating activities			
Operating cash inflow	32(a)	**37,784**	41,400
Changes in working capital	32(a)	**(15,342)**	(20,089)
Cash generated from operations	32(a)	**22,442**	21,311
Interest expenses and other finance costs paid		**(3,095)**	(3,009)
Bank interest received		**358**	513
Interest received from investments		**134**	75
Dividends received from equity securities		**139**	117
Dividends received from associates and joint ventures		**2,631**	2,075
Tax paid			
– Hong Kong		**(5,599)**	(3,587)
– Outside Hong Kong		**(1,618)**	(1,839)
Net cash from operating activities		**15,392**	15,656
Investing activities			
Additional investment in an associate		**–**	(8)
Investment in joint ventures		**(700)**	(712)
Additions to investment properties		**(8,839)**	(7,141)
Additions to property, plant and equipment		**(3,780)**	(3,082)
Additions to concession assets		**–**	(3)
Purchase of long-term financial investments		**(136)**	(1,136)
Net repayment from associates and joint ventures		**163**	255
Net cash outflow in respect of acquisition of subsidiaries	32(d)	**(43)**	–
Payment of mobile licence fees		**(253)**	(120)
Net cash inflow in respect of disposal of subsidiaries	32(e)	**3,031**	1,781
Net proceeds from disposal of investment properties		**451**	119
Proceeds from disposal of property, plant and equipment		**5**	2
Proceeds from disposal of other financial assets		**609**	–
Proceeds from disposal of long-term financial investments		**–**	485
Net cash used in investing activities		**(9,492)**	(9,560)
Financing activities			
Drawdown of bank and other borrowings		**27,205**	26,872
Repayment of bank and other borrowings		**(18,438)**	(24,267)
Principal elements of lease payments		**(938)**	(983)
Increase/(decrease) in amounts due to non-controlling interests		**32**	(152)
(Increase)/decrease in bank deposits maturing after more than three months		**(1,861)**	298
Increase in pledged bank deposit		**(40)**	–
Proceeds from issue of shares by a subsidiary		**7**	29
Payment for repurchase of shares by a subsidiary		**(22)**	(47)
Purchase of additional interest in a subsidiary		**(9)**	–
Purchase of shares for share award scheme in a subsidiary		**(4)**	(7)
Dividends paid to Company's shareholders		**(14,344)**	(14,344)
Dividends paid to non-controlling interests		**(497)**	(416)
Redemption of perpetual capital securities		**–**	(3,795)
Distributions paid to perpetual capital securities holders		**–**	(84)
Net cash used in financing activities		**(8,909)**	(16,896)
Decrease in cash and cash equivalents		**(3,009)**	(10,800)
Cash and cash equivalents at beginning of year		**21,646**	31,150
Effect of foreign exchange rates changes		**(350)**	1,296
Cash and cash equivalents at end of year	32(b)	**18,287**	21,646

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022
(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders								
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Perpetual capital securities	Non-controlling interests	Total
At 1 July 2020	70,703	810	1,157	(6,049)	505,192	571,813	3,813	14,789	590,415
Profit for the year	–	–	–	–	26,686	26,686	66	694	27,446
Exchange difference on translation of Mainland operations	–	–	–	7,381	–	7,381	–	215	7,596
Fair value losses on cash flow hedge	–	(338)	–	–	–	(338)	–	–	(338)
Fair value gains on debt securities at fair value through other comprehensive income	–	–	26	–	–	26	–	–	26
Fair value gains on equity securities at fair value through other comprehensive income	–	–	189	–	–	189	–	3	192
Transfer to retained profits upon disposal of equity investments	–	–	(29)	–	29	–	–	–	–
Share of other comprehensive income of associates and joint ventures	–	–	30	2,198	145	2,373	–	–	2,373
Other comprehensive (loss)/income for the year	–	(338)	216	9,579	174	9,631	–	218	9,849
Total comprehensive (loss)/income for the year	–	(338)	216	9,579	26,860	36,317	66	912	37,295
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	27	27
Lapse of share award/options of a subsidiary	–	–	–	–	10	10	–	(10)	–
Repurchase of its shares by a subsidiary	–	1	–	–	(1)	–	–	–	–
Purchase of shares for Share Award Scheme in a subsidiary	–	–	–	–	(5)	(5)	–	(2)	(7)
Vesting of share award in a subsidiary	–	–	–	–	9	9	–	(9)	–
Final dividend paid	–	–	–	–	(10,722)	(10,722)	–	–	(10,722)
Interim dividend paid	–	–	–	–	(3,622)	(3,622)	–	–	(3,622)
Adjustments relating to changes in interests in subsidiaries	–	20	–	–	–	20	–	(91)	(71)
Disposal of subsidiaries	–	–	–	–	–	–	–	(9,394)	(9,394)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(416)	(416)
Distributions paid to perpetual capital securities holders	–	–	–	–	–	–	(84)	–	(84)
Redemption of perpetual capital securities	–	–	–	–	–	–	(3,795)	–	(3,795)
At 30 June 2021	70,703	493	1,373	3,530	517,721	593,820	–	5,806	599,626

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022
(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders							
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
At 1 July 2021	70,703	493	1,373	3,530	517,721	593,820	5,806	599,626
Profit for the year	–	–	–	–	25,560	25,560	571	26,131
Exchange difference on translation of Mainland operations	–	–	–	(2,765)	–	(2,765)	(34)	(2,799)
Revaluation of property, plant and equipment upon transfer to investment properties	–	42	–	–	–	42	7	49
Fair value gains on cash flow hedge	–	517	–	–	–	517	–	517
Fair value losses on debt securities at fair value through other comprehensive income	–	–	(31)	–	–	(31)	–	(31)
Fair value losses on equity securities at fair value through other comprehensive income	–	–	(56)	–	–	(56)	–	(56)
Share of other comprehensive income/(loss) of associates and joint ventures	–	–	(112)	(777)	105	(784)	–	(784)
Other comprehensive (loss)/income for the year	–	559	(199)	(3,542)	105	(3,077)	(27)	(3,104)
Total comprehensive (loss)/income for the year	–	559	(199)	(3,542)	25,665	22,483	544	23,027
Recognition of equity-settled share-based payments	–	–	–	–	–	–	28	28
Lapse of share award/options of a subsidiary	–	–	–	–	1	1	(1)	–
Purchase of shares for Share Award Scheme in a subsidiary	–	–	–	–	(3)	(3)	(1)	(4)
Vesting of share award in a subsidiary	–	–	–	–	5	5	(5)	–
Final dividend paid	–	–	–	–	(10,722)	(10,722)	–	(10,722)
Interim dividend paid	–	–	–	–	(3,622)	(3,622)	–	(3,622)
Adjustments relating to changes in interests in subsidiaries	–	7	–	–	(23)	(16)	(8)	(24)
Disposal of subsidiaries	–	–	–	–	–	–	(1,068)	(1,068)
Dividends to non-controlling interests	–	–	–	–	–	–	(497)	(497)
At 30 June 2022	70,703	1,059	1,174	(12)	529,022	601,946	4,798	606,744

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards and interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance (Cap. 622) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value, as explained in the principal accounting policies set out in Note 2.

In the current year, the Group has adopted a number of amendments to HKFRSs issued by the HKICPA that are effective for the first time for the Group's financial year beginning 1 July 2021. None of these amendments had a material impact on the Group's financial statements.

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

2. Principal Accounting Policies

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries (together referred to as the "Group") made up to 30 June each year and the Group's interests in associates and joint ventures on the basis set out in Note 2(e) and Note 2(f) below, respectively. The financial statements of the associates and joint ventures used for this purpose are either coterminous with the financial statements of the Company or cover a year end not more than three months before the Company's year-end. The results of subsidiaries, associates and joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or to the effective date of disposal. Accounting policies of subsidiaries, joint ventures and associates have been changed when necessary to ensure conformity with the Group's accounting policies.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Group companies are eliminated in full on consolidation. Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the content that there is no evidence of impairment of the asset transferred.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly to the Company. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions, whereby the carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity shareholders of the Company.

2. Principal Accounting Policies (cont'd)

(b) Revenue

Income is classified by the Group as revenue when it arises in the course of the Group's ordinary activities. Revenue from the Group's principal activities comprises proceeds from sale of properties, gross rental income from properties letting under operating leases, revenue from hotel operations, telecommunications, transport infrastructure and logistics, data centre operations and revenue derived from other business activities including department store, financial services, property management and construction. Group revenue does not include the revenue of associates and joint ventures.

(c) Revenue recognition

The Group recognizes revenue from contracts with customers when control over a product or service is transferred to the customer at the transaction price to which the Group expects to be entitled in exchange for the promised product and service, excluding those amounts collected on behalf of third parties (such as value added tax or other sales taxes) and after deduction of any trade discounts. Transfer of control may be at a point in time or over time, dependent on the nature and terms of and laws applicable to the contracts. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of financing component if it is significant.

Further details of the Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are as follows:

(i) Property sales

Revenue from sale of properties is recognized when the control over the ownership or physical possession of the property is transferred to the customer, which is the point in time when the Group satisfies its performance obligations under the contracts.

Deposits and instalments received on properties sold prior to the date of revenue recognition are presented in the statement of financial position as deposits received on sale of properties which are regarded as contract liabilities.

(ii) Rental income

Lease payments from properties letting under operating leases are recognized as rental income over the lease term on either a straight line basis or another systematic basis that is more representative of the pattern in which benefit from the use of the underlying leased asset is diminished. Contingent rentals are recognized in the accounting period in which they are earned.

(iii) Hotel operations

Revenue from hotel operations is recognized when the accommodation and related services are provided.

(iv) Telecommunications

Revenue from services is measured based on the usage of the Group's telecommunications network and facilities and is recognized when the services are rendered. Service revenue in respect of standard service plans billed in advance is deferred and included under contract liabilities. For sales of handset, equipment and gifts, revenue is recognized when the products are delivered to and accepted by the customer. When multiple-element arrangements exist, the amount of revenue recognized for each performance obligation is determined by considering the standalone selling prices or estimated fair values of each of the services element and handset device element provided within the bundled contracts.

2. Principal Accounting Policies (cont'd)

(c) Revenue recognition (cont'd)

(v) Transport infrastructure and logistics

Toll income from toll road operations is recognized upon the passage of vehicles through the toll road.

Revenue from operation of business aviation centre including aircraft and passengers handling, fuel sales and hangar fee is recognized over time based on usage of services.

Management fee income from management and operation of tunnel, road infrastructure and car park facilities is recognized when the services are provided and in accordance with the terms of the management contracts.

Income from logistic and freight forwarding services is recognized when the services are rendered.

(vi) Data centre operations

Revenue from customers' use of data centre and information technology ("IT") facilities is recognized rateably over the terms of the agreement in the amount which the Group has right to invoice while other value-added service income is recognized over the period of service.

(vii) Department store operations

Revenue from sale of goods is recognized at point of sale when the customer takes possession of and accepts the product. Commission income from concessionaire sales is recognized upon sales of goods by counter suppliers.

(viii) Financial services

Interest income from loan financing business is accrued on a time basis using the effective interest method. Premiums from general insurance business are recognized as revenue proportionally over the period of coverage.

(ix) Property management

Income from provision of property and facilities management services is recognized when the services are rendered.

(x) Construction

Revenue in respect of building construction job is recognized over the contract period based on the stage of completion method measured by reference to the proportion that costs incurred to date bear to estimated total costs for the contract.

(xi) Investment income

Dividend income from equity investments is recognized when the right to receive payment is established.

Interest income from financial investments is recognized using the effective interest method.

2. Principal Accounting Policies (cont'd)

(d) Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated from the date that control ceases.

Upon loss of control of a subsidiary, the Group derecognizes the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests (including any components of other comprehensive income attributable to them) in the former subsidiary. If the Group retains any investment in that former subsidiary, then such investment is remeasured at fair value at the date when control is lost and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture. All amounts previously recognized in other comprehensive income in relation to that subsidiary are reclassified to profit or loss or transferred directly to retained earnings if required by other HKFRSs. The surplus or deficit arising from the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any interest retained in the former subsidiary and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary attributable to the equity shareholders of the Company is recognized as a gain or loss on disposal in the consolidated profit or loss.

In the Company's statement of financial position, investments in subsidiary companies are stated at cost less provision for any impairment losses. Income from subsidiary companies is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

(e) Associates

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and other comprehensive income ("OCI") less any identified impairment loss.

In the Company's statement of financial position, investments in associates are stated at cost less provision for any impairment losses. Income from associates is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

(f) Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

(i) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement in accordance with contractual arrangements.

2. Principal Accounting Policies (cont'd)

(f) Joint arrangements (cont'd)

(i) Joint ventures (cont'd)

Results of joint ventures are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in joint ventures are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and OCI less any identified impairment loss.

In the Company's statement of financial position, investments in joint ventures are stated at cost less provision for any impairment losses. Income from joint ventures is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement in accordance with contractual arrangements.

Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(g) Intangible assets

(i) Mobile licences

Spectrum utilization fees represent the payments for using the assigned spectrum to provide telecommunication services in Hong Kong within a specified period. The upfront payments and the present value of the annual fixed fees payable over the period are recorded as intangible assets, together with the related obligations. Amortization is provided on a straight line basis over the remaining assignment period from the date when the asset is ready for its intended use.

The difference between the discounted value and the total of the minimum annual fee payments represents the effective cost of financing and, accordingly, for the period prior to the asset being ready for its intended use, is capitalized as part of the intangible asset. Subsequent to the date when the asset is ready for its intended use, such finance costs are charged to the consolidated income statement in the year in which they are incurred.

Variable annual payments are recognized in the consolidated income statement as incurred.

(ii) Goodwill

Goodwill on acquisition of subsidiaries or business is measured initially at cost, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and any fair value of the Group's previously held equity interest in the acquiree over the fair value of the acquiree's net identifiable assets acquired and liabilities assumed as at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

2. Principal Accounting Policies (cont'd)

(g) Intangible assets (cont'd)

(ii) Goodwill (cont'd)

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized directly in the consolidated income statement.

Goodwill on acquisition of associates and joint ventures, being the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired, is included in the carrying amount of the investments in associates and joint ventures respectively and is not tested for impairment separately.

On disposal of a subsidiary, associate or joint venture, the carrying amount of goodwill attributable to the entity sold is included in the calculation of the profit or loss on disposal.

(iii) Concession assets

The Group has entered into a service concession arrangement with the Government of Hong Kong Special Administrative Region ("HKSAR Government") to participate in the development, financing, operation and maintenance of toll road infrastructures. Under the arrangement, the Group carries out the construction of toll road for the granting authority and receives in exchange a right to operate the toll road and the entitlement to toll fees collected from users of the toll road. The assets including the cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement are recorded as intangible assets. Once the underlying infrastructure of the concession arrangement is completed, the concession assets are amortized over the term of the concession on a straight line basis.

(h) Contract acquisition and fulfilment costs

Costs of obtaining and fulfilling a contract with a customer are capitalized as an asset if (i) the costs are incremental of obtaining the contract and they are expected to be recovered; and (ii) the costs of fulfilling a contract relate directly to the contract, generate or enhance resources of the Group that will be used in satisfying performance obligations in the future and are expected to be recovered. Capitalized contract costs are amortized on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the asset relates. Impairment loss is recognized to the extent that the carrying amount of the capitalized costs exceeds the remaining considerations to be received less the future costs to be incurred.

(i) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains right to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net contract asset or net contract liability depending on the relationship between the remaining rights and the performance obligations.

A contract asset is recognized when the Group transfers a good or performs a service in the contract before receiving consideration from the customer or when the cumulative revenue recognized exceeds cumulative payments made by the customer. A contract asset is transferred to a receivable when the right to receive the consideration becomes unconditional. Conversely, a contract liability is recognized when the amounts received from a customer exceed revenue recognized for a contract or when advance payment is received from a customer before a good or service is transferred. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

2. Principal Accounting Policies (cont'd)

(i) *Contract assets and contract liabilities (cont'd)*

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortized cost. Contract liabilities are recognized as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations. Deposits received on sales of properties are regarded as contract liabilities and presented separately on the face of the consolidated statement of financial position under current liabilities.

(j) *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Group are classified in four categories:

- Financial assets at amortized cost
- Debt investments at FVOCI
- Equity investments designated at FVOCI
- Financial assets at FVTPL

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables, loan receivables and certain debt investments.

2. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Debt investments at FVOCI

The Group measures debt investments at FVOCI if both of the following conditions are met:

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

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. Fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Equity investments designated at FVOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Cumulative gains and losses recognized in OCI are transferred to retained profits on disposal.

Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group has elected to classify irrevocably certain equity investments under this category.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are mandatorily required to be measured at FVTPL.

This category includes financial assets held for trading, derivative instruments, equity investments which the Group had not irrevocably elected to classify at FVOCI, and debt investments with cash flows that are not solely payments of principal and interest.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are carried in the statement of financial position at fair value. Net gains and losses, including dividend or interest income, are recognized in profit or loss.

2. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Derecognition of financial assets

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows in a transaction in which the Group has transferred substantially all the risks and rewards of ownership of the asset or in which the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group enters into transactions whereby it transfers its rights to receive cash flows from an asset, but retains substantially all of the risks and rewards of ownership or control of the transferred asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not measured at FVTPL:

- financial assets measured at amortized cost, and
- debt investments measured at FVOCI.

ECLs are a probability-weighted estimate of credit losses, measured based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months after the reporting date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses that result from all possible default events over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

2. Principal Accounting Policies (cont'd)

(j) *Financial instruments (cont'd)*

(i) Financial assets (cont'd)

Impairment of financial assets (cont'd)

Loss allowance for financial assets measured at amortized cost is deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI instead of reducing the carrying amount of the assets.

The Group considers a financial asset in default when the Group is unlikely to receive the outstanding contractual amounts in full, without recourse by the Group to action such as realizing the security (if any is held). A financial asset can be classified as in default but without an allowance for credit losses (i.e. no impairment loss is expected) after taking into account the value of collateral held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Write-offs can relate to a financial asset in its entirety, or to a portion of it, and constitute a derecognition event.

(ii) Financial liabilities

Classification and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. The Group has not designated any financial liability at FVTPL.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. These include trade and other payables, loans and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

2. Principal Accounting Policies (cont'd)

(k) *Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and currency forwards to hedge its interest rate and foreign currency risk exposures.

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purpose of hedge accounting, hedges are classified as:

(a) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;

(b) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized commitment; and

(c) hedges of a net investment in a foreign operation.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognized in profit or loss when the changes arise.

The Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The following hedges in place at the end of the reporting period qualified respectively as fair value and cash flow hedges under HKFRS 9. The Group's management strategies and hedge documentation are aligned with the requirements of HKFRS 9 and are thus treated as continuing hedges. The Group has not designated any derivative financial instruments as hedges of net investment in foreign operations.

(a) Cash flow hedge

Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and they are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognized in OCI, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense and/or exchange differences from the translation of the borrowings are recognized in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognized immediately in profit or loss.

2. Principal Accounting Policies (cont'd)

(k) Derivative financial instruments and hedge accounting (cont'd)

(b) Fair value hedge

Interest rate swaps and cross currency interest rate swaps

The Group has entered into fixed to floating interest rate swaps that are fair value hedges for the fair value exposures to interest rate movements of its borrowings ("hedged item"). The fair value changes on the hedged item resulting from the fair value risk are recognized in profit or loss. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognized in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognized separately in profit or loss.

(l) Investment properties

Investment properties are land and buildings (including leasehold property interests owned or held as a right-of-use asset) held for long term rental yields or capital appreciation or both, and are not occupied by the Group. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are measured initially at cost including transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by independent qualified valuers at each reporting date on the highest and best use basis, and separate values are not attributed to land and buildings. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit.

Costs incurred subsequently to develop, refurbish or replace part of an investment property are recognized in the asset's carrying amount prior to fair value re-assessment only when it is probable that future economic benefits associated with the cost item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenditures in respect of an investment property are expensed in profit or loss as incurred.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is recognized in consolidated income statement in the period in which the asset is derecognized.

(m) Property, plant and equipment

Properties held for own use and other items of plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment , are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed items of property, plant and equipment comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

2. Principal Accounting Policies (cont'd)

(n) Depreciation of property, plant and equipment

(i) Land and buildings

Ownership interests in leasehold land of properties held for own use are depreciated over the unexpired term of their respective leases. Cost of building situated on leasehold land is depreciated on a straight-line basis over the shorter of the unexpired term of the lease and the building's estimated useful life.

Properties leased for own use under lease or tenancy contracts where the Group is not the owner of the property interests are depreciated on a straight-line basis over the shorter of the expected lease terms and their estimated useful lives, taking into consideration any renewal options in the contracts.

(ii) Plant and equipment

Plant and equipment are depreciated over their expected remaining useful lives of 2 to 25 years using a straight-line method, after deducting their estimated residual values, if any.

No depreciation is provided for development costs incurred on property, plant and equipment under construction.

(o) Properties for sale

(i) Stock of completed properties for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties.

Net realizable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price in the ordinary course of business less estimated selling expenses.

(ii) Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost and net realizable value. Cost comprises specifically identified costs, including land acquisition costs, development expenditure, capitalized borrowing costs and other related expenditures. Net realizable value is estimated by the management, taking into account the price ultimately expected to be realized and the anticipated costs to completion.

(p) Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using effective interest method. The carrying amount of hedged borrowings is adjusted for the change in fair value attributable to the hedged risk when accounting for fair value hedges set out in Note 2(k) applies.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

2. Principal Accounting Policies (cont'd)

(q) Inventories

Inventories comprising mainly building materials, hotel stocks, handsets and consumable goods are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(r) Translation of foreign currencies

Foreign currency transactions during the year are converted into functional currency at the market rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at closing rates of exchange ruling at the year end date. Exchange differences arising in these cases are dealt with in the consolidated income statement.

The assets and liabilities of overseas subsidiaries, associates and joint ventures expressed in their respective functional currencies are translated into Hong Kong dollars at the closing rates of exchange ruling at the year end date whereas the income statement are translated at average exchange rates for the year. Exchange differences arising on translation are recognized in OCI.

(s) Current and deferred income tax

Tax expense for the year comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the relevant amount of tax is recognized in OCI or directly in equity, respectively.

Current tax liabilities are recognized at the amount expected to be paid to the tax authorities, using tax rates enacted or substantively enacted at the reporting date. Current tax expense for the year comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized in full, using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits except that deferred tax is not recognized for temporary differences arising from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and based on the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities except for investment property. Deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the carrying amount of the property will be recovered entirely through sale.

2. Principal Accounting Policies (cont'd)

(t) Provisions

Provisions are recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle that obligation and the amount of obligation can be reliably estimated. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

(u) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, properties for sale, inventories and deferred tax assets) to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Goodwill is tested annually for impairment whether or not there is any indication of impairment.

For impairment testing, assets are grouped into cash-generating units (CGU) for which there are separately identifiable cash flows. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss on goodwill is not reversed in subsequent period. For an asset other than goodwill, impairment loss is reversed only if there is a favourable change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(v) Retirement benefit costs

The retirement benefit costs charged to the consolidated income statement represent the contributions payable in respect of the current year to the Group's defined contribution schemes and the Mandatory Provident Fund Schemes.

(w) Share-based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted at the grant date and expensed on a straight line basis over the relevant vesting periods with a corresponding increase in capital reserves within equity. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognized in consolidated income statement such that the calculated expense reflects the revised estimates with a corresponding adjustment to capital reserves.

At the time when the share options are exercised, the amount previously recognized in capital reserves will be transferred to share capital. When the share options are forfeited, lapsed or cancelled, after the vesting date or are still not exercised on the expiry date, the amount previously recognized in capital reserves will be transferred to retained profits.

2. Principal Accounting Policies (cont'd)

(x) Leases

The Group applies a control model to identify and distinguish a lease from a service contract on the basis of whether a customer is able to control the asset being leased. A contract is assessed for whether it is or contains a lease at its inception. A contract is or contains a lease if it provides a customer with the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed if the customer, throughout the period of the use, has both the right to direct the use and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

The Group as a lessee recognizes a right-of-use asset and a lease liability when a lease is capitalized at the commencement date, except for leases with a lease term of 12 months or less ("short-term leases") and leases of low-value assets. Payments in relation to short-term leases and leases of low-value assets are recognized as an expense in profit or loss on a straight line basis over the lease term.

The lease liability is initially measured at the present value of lease payments payable with reference to an expected lease term, which includes optional lease periods when the Group is reasonably certain to exercise the option to extend or not to terminate the lease. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees and payments arising from options reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and are expensed in the period to which they relate.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing its carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, any initial direct costs incurred, the obligation to restore the asset, and any lease payments made in advance of the commencement date less any incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation, applying the depreciation requirements in HKAS 16 Property, Plant and Equipment and is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right-of-use assets are presented in property, plant and equipment, except for right-of-use assets that meet the definition of investment properties, which are presented in investment properties, and are subsequently measured at fair value, in accordance with the Group's accounting policy as set out in Note 2(l).

Lease liabilities are presented in other non-current liabilities with the payments due within 12 months from the balance sheet date classified in trade and other payables.

2. Principal Accounting Policies (cont'd)

(x) Leases (cont'd)

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee, and classified as an operating lease if it does not.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income from operating leases is recognized in accordance with Note 2(c)(ii).

(y) Non-current assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and investment properties that are carried at fair value. The classification applies when the Group is committed to a sale arrangement involving the loss of control in a subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

(Expressed in millions of Hong Kong dollars)

3. Segment Information

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

(a) Segment revenue and results

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

For the year ended 30 June 2022

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	32,841	14,806	37	26	32,878	14,832
Mainland	471	195	2,054	820	2,525	1,015
	33,312	15,001	2,091	846	35,403	15,847
Property rental						
Hong Kong	14,826	11,029	2,725	2,178	17,551	13,207
Mainland	5,612	4,795	963	720	6,575	5,515
Singapore	–	–	684	528	684	528
	20,438	15,824	4,372	3,426	24,810	19,250
Hotel operations	2,651	(343)	420	(86)	3,071	(429)
Telecommunications	6,957	744	–	–	6,957	744
Transport infrastructure and logistics	3,825	1,054	3,311	161	7,136	1,215
Data centre operations	2,086	1,044	–	–	2,086	1,044
Other businesses	8,478	1,271	399	68	8,877	1,339
Segment total	77,747	34,595	10,593	4,415	88,340	39,010
Other net income		601		50		651
Unallocated administrative expenses		(1,834)		–		(1,834)
Operating profit		33,362		4,465		37,827
Change in fair value of investment properties						
Hong Kong		(3,472)		(982)		(4,454)
Mainland		853		203		1,056
Singapore		–		448		448
		(2,619)		(331)		(2,950)
Net finance costs		(1,747)		(262)		(2,009)
Profit before taxation		28,996		3,872		32,868
Taxation						
– Group		(5,655)		–		(5,655)
– Associates		–		4		4
– Joint ventures		–		(1,086)		(1,086)
Profit for the year		23,341		2,790		26,131

3. Segment Information (cont'd)

(a) *Segment revenue and results (cont'd)*

For the year ended 30 June 2021

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	34,681	14,522	199	49	34,880	14,571
Mainland	8,020	4,726	3,117	1,697	11,137	6,423
	42,701	19,248	3,316	1,746	46,017	20,994
Property rental						
Hong Kong	15,152	11,214	2,875	2,330	18,027	13,544
Mainland	5,258	4,436	864	663	6,122	5,099
Singapore	–	–	642	506	642	506
	20,410	15,650	4,381	3,499	24,791	19,149
Hotel operations	2,178	(441)	364	(70)	2,542	(511)
Telecommunications	6,720	674	–	–	6,720	674
Transport infrastructure and logistics	3,743	1,093	3,178	296	6,921	1,389
Data centre operations	1,874	962	–	–	1,874	962
Other businesses	7,636	1,465	629	54	8,265	1,519
Segment total	85,262	38,651	11,868	5,525	97,130	44,176
Other net income/(loss)		250		(22)		228
Unallocated administrative expenses		(1,656)		–		(1,656)
Operating profit		37,245		5,503		42,748
Change in fair value of investment properties						
Hong Kong		(4,160)		(599)		(4,759)
Mainland		2,609		595		3,204
Singapore		–		(483)		(483)
		(1,551)		(487)		(2,038)
Net finance costs		(1,990)		(309)		(2,299)
Profit before taxation		33,704		4,707		38,411
Taxation						
– Group		(9,230)		–		(9,230)
– Associates		–		9		9
– Joint ventures		–		(1,744)		(1,744)
Profit for the year		24,474		2,972		27,446

Results from property sales include selling and marketing expenses of HK$418 million (2021: HK$619 million) and HK$173 million (2021: HK$62 million) that relate to pre-sale of property projects under construction in Hong Kong and Mainland, respectively.

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

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

(Expressed in millions of Hong Kong dollars)

3. Segment Information (cont'd)

(b) *Segment assets and liabilities*

The Group's assets and liabilities by reportable and operating segments are analyzed as follows:

	The Company and its subsidiaries	Associates and joint ventures	Total assets	Total liabilities
At 30 June 2022				
Property development				
Hong Kong	**199,437**	**3,712**	**203,149**	**(13,210)**
Mainland	**17,810**	**7,253**	**25,063**	**(1,912)**
	217,247	**10,965**	**228,212**	**(15,122)**
Property investment				
Hong Kong	**287,015**	**67,226**	**354,241**	**(4,508)**
Mainland	**115,072**	**11,608**	**126,680**	**(2,228)**
Singapore	**–**	**4,897**	**4,897**	**–**
	402,087	**83,731**	**485,818**	**(6,736)**
Hotel operations	**26,432**	**1,928**	**28,360**	**(527)**
Telecommunications	**10,036**	**–**	**10,036**	**(5,242)**
Transport infrastructure and logistics	**3,071**	**4,439**	**7,510**	**(1,674)**
Data centre operations	**10,160**	**–**	**10,160**	**(1,178)**
Other businesses	**8,998**	**329**	**9,327**	**(4,586)**
	678,031	**101,392**	**779,423**	**(35,065)**
Bank deposits and cash			**20,323**	**–**
Financial investments			**3,728**	**–**
Bank and other borrowings			**–**	**(124,931)**
Unallocated corporate assets/ (liabilities)			**4,093**	**(2,018)**
Current tax payable			**–**	**(13,276)**
Deferred tax liabilities			**–**	**(25,533)**
Total assets/(liabilities)			**807,567**	**(200,823)**
At 30 June 2021				
Property development				
Hong Kong	191,931	3,438	195,369	(17,228)
Mainland	16,476	8,395	24,871	(1,562)
	208,407	11,833	220,240	(18,790)
Property investment				
Hong Kong	286,826	66,816	353,642	(4,592)
Mainland	113,333	11,242	124,575	(2,319)
Singapore	–	4,565	4,565	–
	400,159	82,623	482,782	(6,911)
Hotel operations	25,232	1,682	26,914	(458)
Telecommunications	8,061	–	8,061	(3,360)
Transport infrastructure and logistics	3,300	4,732	8,032	(1,569)
Data centre operations	9,488	–	9,488	(976)
Other businesses	10,415	611	11,026	(4,634)
	665,062	101,481	766,543	(36,698)
Bank deposits and cash			21,781	–
Financial investments			4,612	–
Bank and other borrowings			–	(116,823)
Unallocated corporate assets/ (liabilities)			3,483	(2,212)
Current tax payable			–	(15,366)
Deferred tax liabilities			–	(25,694)
Total assets/(liabilities)			796,419	(196,793)

3. Segment Information (cont'd)

(c) *Other segment information*

The Group's depreciation and amortization and additions to non-current assets by reportable and operating segments are analyzed as follows:

	Depreciation and amortization charged to consolidated income statement		Additions to non-current assets	
	2022	2021	**2022**	2021
Property investment for rental	**–**	–	**9,468**	7,673
Hotel operations	**553**	559	**908**	678
Telecommunications	**1,740**	1,696	**1,390**	1,322
Transport infrastructure and logistics	**650**	636	**392**	547
Data centre operations	**457**	398	**2,223**	1,675
Other businesses	**185**	159	**237**	179
Unallocated corporate assets	**34**	33	**9**	5
	3,619	3,481	**14,627**	12,079

(d) *Geographical information*

The Group's non-current assets by geographical location is analyzed as follows:

	2022			2021		
	The Company and its subsidiaries	**Associates and joint ventures**	**Consolidated**	The Company and its subsidiaries	Associates and joint ventures	Consolidated
Hong Kong	**330,944**	**76,057**	**407,001**	328,034	75,639	403,673
Mainland	**118,476**	**19,541**	**138,017**	114,964	20,332	135,296
Singapore	**–**	**4,897**	**4,897**	–	4,565	4,565
Others	**79**	**897**	**976**	75	945	1,020
	449,499	**101,392**	**550,891**	443,073	101,481	544,554
Other non-current assets			**3,996**			5,803
Financial investments			**3,030**			3,229
Total non-current assets			**557,917**			553,586

(Expressed in millions of Hong Kong dollars)

4. Revenue from Contracts with Customers

(a) *Disaggregation of revenue from contracts with customers*

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

For the year ended 30 June 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	33,312	–	33,312	–	33,312
Property rental	–	2,066	2,066	18,372	20,438
Hotel operations	1,318	1,333	2,651	–	2,651
Telecommunications	2,468	4,489	6,957	–	6,957
Transport infrastructure and logistics	39	3,421	3,460	365	3,825
Data centre operations	–	2,086	2,086	–	2,086
Property management	199	5,036	5,235	–	5,235
Department store operations	2,537	–	2,537	–	2,537
Financial services and others	–	16	16	690	706
	39,873	18,447	58,320	19,427	77,747
(ii) Geographical markets					
Hong Kong	38,820	18,223	57,043	13,822	70,865
Mainland	601	172	773	5,605	6,378
Others	452	52	504	–	504
	39,873	18,447	58,320	19,427	77,747

4. Revenue from Contracts with Customers (cont'd)

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

For the year ended 30 June 2021

	Revenue from contracts with customers			Revenue	
	recognized at a point in time	recognized over time	Subtotal	from other sources	Total
(i) By segments					
Property sales	42,701	–	42,701	–	42,701
Property rental	–	2,029	2,029	18,381	20,410
Hotel operations	1,106	1,072	2,178	–	2,178
Telecommunications	2,381	4,339	6,720	–	6,720
Transport infrastructure and logistics	69	3,329	3,398	345	3,743
Data centre operations	–	1,874	1,874	–	1,874
Property management	247	3,999	4,246	–	4,246
Department store operations	2,687	–	2,687	–	2,687
Financial services and others	–	11	11	692	703
	49,191	16,653	65,844	19,418	85,262
(ii) Geographical markets					
Hong Kong	40,685	16,350	57,035	14,166	71,201
Mainland	8,218	234	8,452	5,252	13,704
Others	288	69	357	–	357
	49,191	16,653	65,844	19,418	85,262

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

(b) *Revenue recognized in relation to contract liabilities*

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

During the year, the Group recognized revenue of HK$7,166 million (2021: HK$20,369 million) from sales of properties that were included in contract liabilities at the beginning of the year.

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

As of 30 June 2022, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK$21,898 million (2021: HK$26,382 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 52% (2021: 71%) is expected to be recognized as revenue within one year when the control over the ownership or physical possession of the property is transferred to the customers. For all other contracts that have an original expected duration of one year or less or are billed directly according to performance completed to date, the Group has applied the practical expedient in paragraph 121 of HKFRS 15, Revenue from contracts with customers and does not disclose the amount of transaction price allocated to the remaining performance obligations.

(Expressed in millions of Hong Kong dollars)

5. Net Finance Costs

	Notes	2022	2021
Interest and other finance costs on bank and other borrowings		**2,886**	3,117
Notional non-cash interest accretion	(a)	**58**	21
Finance costs on lease liabilities		**29**	41
Less: Amount capitalized	(b)	**(857)**	(702)
		2,116	2,477
Interest income on bank deposits		**(369)**	(487)
		1,747	1,990

(a) Notional non-cash interest accretion represents adjustments to accrete the carrying amount of asset retirement obligations and contractual obligations of mobile licence recognized in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

(b) Interest expenses have been capitalized for properties under development at rates ranging from 0.96% to 4.55% (2021: 1.02% to 4.61%) per annum.

6. Profit Before Taxation

	2022	2021
Profit before taxation is arrived at after charging:		
Cost of properties sold	**16,049**	20,220
Cost of other inventories sold	**3,764**	3,764
Depreciation of property, plant and equipment	**2,926**	2,893
Amortization of		
Intangible assets (included in cost of sales)	**693**	588
Contract acquisition costs	**1,378**	1,702
Impairment loss on goodwill	**–**	3
Credit loss allowance on financial assets and contract assets	**180**	166
Lease expenses		
Short-term and low-value assets leases	**243**	463
Variable lease payments	**48**	156
Staff costs (including directors' emoluments and retirement schemes contributions)	**9,278**	8,264
Share-based payments	**28**	27
Auditors' remuneration	**25**	25
Loss on disposal of financial investments at fair value through profit or loss	**169**	–
Loss on disposal of property, plant and equipment	**15**	18
and crediting:		
Dividend income from investments	**139**	117
Interest income from investments	**88**	104
Profit on disposal of financial investments at fair value through profit or loss	**–**	105
Fair value gains on financial investments at fair value through profit or loss	**34**	230

7. Directors' Emoluments and Five Highest Paid Individuals

The aggregate amounts of emoluments paid and payable to the directors of the Company during the year are as follows:

Name of director	Notes	Fees	Salaries, allowances and benefits	Discretionary bonuses	Retirement scheme contributions	(Note d) Share-based payments	2022 Total emoluments	2021 Total emoluments
Executive Directors								
Kwok Ping-luen, Raymond		**0.56**	**2.82**	**0.21**	**0.26**	**–**	**3.85**	3.68
Wong Chik-wing, Mike		**0.30**	**14.03**	**13.66**	**1.06**	**–**	**29.05**	27.94
Lui Ting, Victor		**0.30**	**11.77**	**16.26**	**1.05**	**–**	**29.38**	28.27
Kwok Kai-fai, Adam		**0.30**	**6.76**	**2.61**	**0.02**	**–**	**9.69**	9.27
Kwok Kai-wang, Christopher		**0.34**	**5.96**	**2.68**	**0.02**	**–**	**9.00**	8.61
Kwong Chun	(a)	**–**	**–**	**–**	**–**	**–**	**–**	4.82
Tung Chi-ho, Eric		**0.35**	**9.06**	**12.91**	**0.78**	**–**	**23.10**	22.30
Fung Yuk-lun, Allen		**0.51**	**7.72**	**14.14**	**0.39**	**1.26**	**24.02**	24.01
Non-Executive Directors								
Lee Shau-kee	(b)	**–**	**–**	**–**	**–**	**–**	**–**	0.11
Kwan Cheuk-yin, William		**0.42**	**–**	**–**	**–**	**–**	**0.42**	0.42
Kwok Kai-chun, Geoffrey		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Independent Non-Executive Directors								
Yip Dicky Peter		**0.64**	**–**	**–**	**–**	**–**	**0.64**	0.64
Wong Yue-chim, Richard		**0.72**	**–**	**–**	**–**	**–**	**0.72**	0.56
Li Ka-cheung, Eric		**0.97**	**–**	**–**	**–**	**–**	**0.97**	0.97
Fung Kwok-lun, William		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Leung Nai-pang, Norman		**0.70**	**–**	**–**	**–**	**–**	**0.70**	0.70
Leung Kui-king, Donald	(c)	**–**	**–**	**–**	**–**	**–**	**–**	0.20
Leung Ko May-yee, Margaret		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Fan Hung-ling, Henry		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Wu Xiang-dong		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Total 2022		**7.61**	**58.12**	**62.47**	**3.58**	**1.26**	**133.04**	
Total 2021		8.00	60.94	59.74	3.53	1.79		134.00

The above analysis included three (2021: four) individuals whose emoluments were among the five highest pay in the Group.

(Expressed in millions of Hong Kong dollars)

7. Directors' Emoluments and Five Highest Paid Individuals (cont'd)

Details of the emoluments paid to the remaining two (2021: one) individual are:

	2022	2021
Salaries, allowances and benefits in kind	**14.86**	7.94
Discretionary bonuses	**31.41**	12.81
Retirement scheme contributions	**1.35**	0.73
	47.62	21.48

Number of employee whose emoluments fell within:

Emoluments Band HK$ Million	**2022 Number of employee**	2021 Number of employee
21.0 – 21.5	**–**	1
23.0 – 23.5	**1**	–
24.0 – 24.5	**1**	–
	2	1

(a) Mr. Kwong Chun resigned as an Executive Director on 9 April 2021.

(b) Mr. Lee Shau-kee retired as a Non-Executive Director and ceased to act as Vice Chairman of the Board at the annual general meeting of the Company held on 5 November 2020.

(c) Mr. Leung Kui-king, Donald retired as an Independent Non-Executive Director at the annual general meeting of the Company held on 5 November 2020.

(d) Share-based payments represented the fair value of share options granted to the director under the share option scheme of a subsidiary, which are determined at the date of grant and expensed over the vesting period.

8. Staff Retirement Schemes

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% on the employees' salary.

As required by the municipal or provincial social insurance laws and regulations, the Group made contributions to the pension insurance managed by the local municipal governments in Mainland. The rates of contributions in general ranged from 13% to 16% of staff's monthly salary during the relevant period.

With effect from 1 December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to consolidated income statement as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK$396 million (2021: HK$362 million). Forfeited contributions for the year of HK$3 million (2021: HK$2 million) were used to reduce the existing level of contributions.

9. Taxation

	2022	2021
Current tax expenses		
Hong Kong profits tax	**4,035**	4,383
(Over)/under provision in prior years	**(12)**	5
	4,023	4,388
Tax outside Hong Kong	**1,224**	3,521
Over provision in prior years	**(3)**	(1)
	1,221	3,520
Total current tax	**5,244**	7,908
Deferred tax expenses		
Change in fair value of investment properties	**(73)**	852
Other origination and reversal of temporary differences	**484**	470
Total deferred tax	**411**	1,322
Total income tax expenses	**5,655**	9,230

(a) Hong Kong profits tax is provided at the rate of 16.5% (2021: 16.5%) based on the estimated assessable profits for the year. Tax outside Hong Kong, which includes Mainland land appreciation tax and withholding tax on income distributions, is calculated at the rates applicable in the relevant jurisdictions.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rate:

	2022	2021
Profit before share of results of associates, joint ventures and taxation	**28,996**	33,704
Tax at Hong Kong profits tax rate of 16.5% (2021: 16.5%)	**4,784**	5,561
Effect of different tax rates of subsidiaries operating outside Hong Kong	**332**	2,629
Net effect of non-deductible expenses and non-taxable income	**332**	567
Utilization of tax losses not previously recognized	**(87)**	(59)
Tax losses and other temporary differences not recognized	**197**	316
(Over)/under provision in prior years	**(15)**	4
Withholding tax on income distributions	**111**	211
Others	**1**	1
Tax expenses	**5,655**	9,230

(Expressed in millions of Hong Kong dollars)

10. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2022	2021
Interim dividend declared and paid of HK$1.25 (2021: HK$1.25) per share	**3,622**	3,622
Final dividend proposed after the end of the reporting period of HK$3.70 (2021: HK$3.70) per share	**10,722**	10,722
	14,344	14,344

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

(b) Dividends payable to equity shareholders of the Company attributable to profit for the previous financial year, approved and paid during the year

	2022	2021
Final dividend in respect of the previous financial year, approved and paid during the year of HK$3.70 (2020: HK$3.70) per share	**10,722**	10,722

11. Earnings Per Share

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK$25,560 million (2021: HK$26,686 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,897,780,274 (2021: 2,897,780,274) shares.

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

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK$28,729 million (2021: HK$29,873 million), which excluded the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	2022	2021
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**25,560**	26,686
Decrease/(increase) in fair value of investment properties		
Subsidiaries	**2,619**	1,551
Associates	**(58)**	(406)
Joint ventures	**389**	893
	2,950	2,038
Effect of corresponding deferred tax expenses		
Subsidiaries	**(73)**	852
Joint ventures	**27**	223
Non-controlling interests	**(2)**	(8)
Unrealized fair value losses of investment properties net of deferred tax	**2,902**	3,105
Fair value gains of investment properties net of deferred tax realized on disposal	**267**	82
Net effect of change in fair value of investment properties	**3,169**	3,187
Underlying profit attributable to the Company's shareholders	**28,729**	29,873

12. Investment Properties

(a) Movement during the year

	Completed	Under development	Total
Valuation			
At 1 July 2020	322,434	58,283	380,717
Additions	1,265	6,408	7,673
Transfer upon completion	6,877	(6,877)	–
Disposals	(73)	–	(73)
Transfer to property, plant and equipment	(257)	–	(257)
Exchange difference	6,024	3,346	9,370
(Decrease)/increase in fair value	(3,179)	1,628	(1,551)
At 30 June 2021 and 1 July 2021	333,091	62,788	395,879
Additions	**1,128**	**8,340**	**9,468**
Transfer upon completion	**1,378**	**(1,378)**	**–**
Transfer from property, plant and equipment	**49**	**–**	**49**
Disposals	**(370)**	**–**	**(370)**
Transfer to property, plant and equipment	**(106)**	**–**	**(106)**
Transfer to property for sale	**–**	**(390)**	**(390)**
Exchange difference	**(1,967)**	**(1,215)**	**(3,182)**
(Decrease)/increase in fair value	**(3,647)**	**1,028**	**(2,619)**
At 30 June 2022	**329,556**	**69,173**	**398,729**

(b) Investment properties valuation

The Group's investment properties were valued at their fair values at 30 June 2022 and 30 June 2021 by Knight Frank Petty Limited, an independent firm of professional qualified valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

Fair values of the Group's investment properties are categorized as Level 3 measurement in the fair value hierarchy. During the year, there were no transfers among the fair value hierarchy.

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

(Expressed in millions of Hong Kong dollars)

12. Investment Properties (cont'd)

(b) Investment properties valuation (cont'd)

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

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

	Fair value		**Weighted average capitalization rate**	
	2022	2021	**2022**	2021
Completed				
Hong Kong	**257,947**	259,233	**5.1%**	5.1%
Mainland	**71,609**	73,858	**6.6%**	6.6%
	329,556	333,091		

	Fair value (residual method)		**Capitalization rate**	
	2022	2021	**2022**	2021
Under development				
Hong Kong	**27,308**	26,132	**3.0%–5.5%**	3.0%–5.5%
Mainland	**41,865**	36,656	**5.0%–8.8%**	5.0%–8.8%
	69,173	62,788		

The fair values of the Group's investment properties are inversely related to capitalization rates, which are determined by reference to investors' expectations on investment yields, rental growth and the risk profile of the properties being valued. A lower (higher) capitalization rate would imply a higher (lower) property value.

(c) Profit on disposal of the Group's investment properties during the year amounted to HK$81 million (2021: HK$46 million).

(d) Gross rental income and direct operating expenses from investment properties during the year amounted to HK$19,179 million (2021: HK$19,259 million) and HK$4,316 million (2021: HK$4,430 million) respectively.

13. Property, Plant and Equipment

Movement during the year

	Ownership interests in leasehold land and buildings held for own use						
	Hotel properties	Other completed properties	Properties under development	Subtotal	Other properties leased for own use	Plant and equipment	Total
Cost							
At 1 July 2020	20,393	10,213	9,130	39,736	2,987	15,645	58,368
Additions	40	73	1,424	1,537	1,151	1,718	4,406
Transfer from completed investment properties	–	257	–	257	–	–	257
Transfer upon completion	–	234	–	234	–	(234)	–
Disposals	(1)	–	–	(1)	(225)	(524)	(750)
Exchange difference	155	3	216	374	–	44	418
At 30 June 2021 and 1 July 2021	20,587	10,780	10,770	42,137	3,913	16,649	62,699
Additions	**143**	**36**	**2,360**	**2,539**	**1,009**	**1,611**	**5,159**
Transfer from completed investment properties	**–**	**106**	**–**	**106**	**–**	**–**	**106**
Transfer upon completion	**–**	**334**	**–**	**334**	**–**	**(334)**	**–**
Transfer from joint venture	**–**	**26**	**–**	**26**	**–**	**8**	**34**
Disposals	**(1)**	**–**	**–**	**(1)**	**(251)**	**(310)**	**(562)**
Transfer to completed investment properties	**–**	**(13)**	**–**	**(13)**	**–**	**–**	**(13)**
Cost adjustment	**–**	**(174)**	**–**	**(174)**	**–**	**–**	**(174)**
Exchange difference	**(47)**	**(1)**	**(108)**	**(156)**	**–**	**(16)**	**(172)**
At 30 June 2022	**20,682**	**11,094**	**13,022**	**44,798**	**4,671**	**17,608**	**67,077**
Accumulated depreciation and impairment							
At 1 July 2020	4,779	2,352	–	7,131	1,304	9,108	17,543
Charge for the year	510	223	–	733	995	1,165	2,893
Disposals	(1)	–	–	(1)	(223)	(504)	(728)
Exchange difference	40	1	–	41	–	29	70
At 30 June 2021 and 1 July 2021	5,328	2,576	–	7,904	2,076	9,798	19,778
Charge for the year	**516**	**236**	**–**	**752**	**960**	**1,214**	**2,926**
Disposals	**(1)**	**–**	**–**	**(1)**	**(251)**	**(290)**	**(542)**
Transfer to completed investment properties	**–**	**(13)**	**–**	**(13)**	**–**	**–**	**(13)**
Exchange difference	**(15)**	**(1)**	**–**	**(16)**	**–**	**(11)**	**(27)**
At 30 June 2022	**5,828**	**2,798**	**–**	**8,626**	**2,785**	**10,711**	**22,122**
Net book value at 30 June 2022	**14,854**	**8,296**	**13,022**	**36,172**	**1,886**	**6,897**	**44,955**
Net book value at 30 June 2021	15,259	8,204	10,770	34,233	1,837	6,851	42,921

(Expressed in millions of Hong Kong dollars)

13. Property, Plant and Equipment (cont'd)

Included in the above line items are the following rights-of-use assets in relation to ownership interests in leasehold land and other properties leased by the Group for own use:

	Notes	During the year ended 30 June 2022 Additions	During the year ended 30 June 2022 Depreciation	Net book value 2022	Net book value 2021
Right-of-use assets					
Ownership interests in leasehold land held for own use	(i)	**244**	**186**	**14,659**	14,657
Other properties leased for own use	(ii)	**1,009**	**960**	**1,886**	1,837
		1,253	**1,146**	**16,545**	16,494

(i) The Group holds ownership interests in leasehold land used primarily for its hotel operations, data centre and logistics business, and for use as corporate headquarter. Land premium or lump sum payments were made upfront to acquire these land interests, and there are no ongoing lease payments to be made under the terms of the land lease. The leasehold land interests are depreciated over the unexpired term of their respective leases.

(ii) The Group is the lessee in a number of lease or tenancy contracts in respect of certain other properties leased for use as retail stores and office premises, and for use in transport logistics business, car parking operations and installation of telecommunications equipment. The leases are capitalized as right-of-use assets with depreciation provided to write off the cost of the leased assets over the shorter of the expected lease terms and their estimated useful lives. Remaining term of these leases range from one to twenty two years. Certain of these leases include an option to renew the lease for an additional period after the end of the contract term.

14. Associates

	2022	2021
Unlisted shares, at cost less impairment loss	**7**	7
Hong Kong listed shares, at cost	**1,844**	1,750
Share of post-acquisition reserves	**5,320**	5,323
	7,171	7,080
Amounts due from associates	**–**	13
	7,171	7,093
Market value of Hong Kong listed associate	**2,305**	2,849

Amounts due from associates form part of the Group's net interests in associates. The amounts are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders.

14. Associates (cont'd)

The Group's effective interest in the revenue, results, assets and liabilities of its associates are summarized below:

	2022	2021
Investment properties	**3,552**	3,120
Other non-current assets	**5,578**	5,459
Current assets	**1,841**	1,873
Current liabilities	**(1,421)**	(1,608)
Non-current liabilities	**(2,379)**	(1,764)
Net assets	**7,171**	7,080
Revenue	**3,062**	2,972
Fair value change of investment properties net of related deferred tax	**58**	406
Profit for the year	**214**	723

Particulars regarding principal associates are set out in the section headed "Principal Associates" of the Annual Report 2022.

15. Joint Ventures

	2022	2021
Unlisted shares, at cost less impairment loss	**30,005**	29,306
Share of post-acquisition reserves	**55,383**	56,119
	85,388	85,425
Amounts due from joint ventures	**8,833**	8,963
	94,221	94,388

Amounts due from joint ventures form part of the Group's net interests in joint ventures. The amounts are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders except for the amounts of HK$1,978 million (2021: HK$2,100 million) which are interest bearing at market rates.

The Group's effective interest in the revenue, results, assets and liabilities of its joint ventures are summarized below:

	2022	2021
Investment properties	**100,588**	99,522
Other non-current assets	**4,101**	4,192
Current assets	**26,119**	24,371
Current liabilities	**(18,370)**	(17,642)
Non-current liabilities	**(27,050)**	(25,018)
Net assets	**85,388**	85,425
Revenue	**7,531**	8,896
Fair value change of investment properties net of related deferred tax	**(416)**	(1,116)
Profit for the year	**2,576**	2,249

Particulars regarding principal joint ventures are set out in the section headed "Principal Joint Ventures" of the Annual Report 2022.

(Expressed in millions of Hong Kong dollars)

16. Financial Investments

	2022			
	Measured at FVTPL	**Measured at FVOCI**	**Measured at amortized cost**	**Total**
Non-current assets				
Debt securities	**13**	**32**	**765**	**810**
Equity securities	**551**	**1,669**	**–**	**2,220**
	564	**1,701**	**765**	**3,030**
Current assets				
Debt securities	**–**	**–**	**53**	**53**
Equity securities	**645**	**–**	**–**	**645**
	645	**–**	**53**	**698**

	2021			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	128	93	849	1,070
Equity securities	481	1,678	–	2,159
	609	1,771	849	3,229
Current assets				
Debt securities	–	466	72	538
Equity securities	845	–	–	845
	845	466	72	1,383

17. Intangible Assets

	Concession assets	Mobile licences	Goodwill	Total
Cost				
At 1 July 2020	6,933	5,174	151	12,258
Additions	3	581	–	584
Disposals	–	(8)	–	(8)
At 30 June 2021 and 1 July 2021	6,936	5,747	151	12,834
Additions	**–**	**2,217**	**18**	**2,235**
At 30 June 2022	**6,936**	**7,964**	**169**	**15,069**
Accumulated amortization and impairment				
At 1 July 2020	5,650	2,302	18	7,970
Amortization	262	326	–	588
Impairment	–	–	3	3
At 30 June 2021 and 1 July 2021	5,912	2,628	21	8,561
Amortization	**262**	**431**	**–**	**693**
At 30 June 2022	**6,174**	**3,059**	**21**	**9,254**
Net book value at 30 June 2022	**762**	**4,905**	**148**	**5,815**
Net book value at 30 June 2021	1,024	3,119	130	4,273

Concession assets represent cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructure, which have finite useful lives of 27 years, and are amortized on a straight line basis.

Mobile licences represent the upfront payments and the present value of the annual fixed fees payable over the licence period, which have finite useful lives ranging from 12 to 15 years, and are amortized on a straight line basis. The corresponding non-current and current portion of these contractual liabilities are recorded in other non-current liabilities and other payables respectively.

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries. At the year end date, an impairment test was performed by comparing the carrying amount of the business with the recoverable amount.

(Expressed in millions of Hong Kong dollars)

18. Other Non-Current Assets

	Note	**2022**	2021
Mortgage loan receivables		**4,245**	5,833
Other loan receivables		**989**	1,019
Total loans receivables		**5,234**	6,852
Less: Amount due within one year included under trade and other receivables		**(1,726)**	(1,172)
		3,508	5,680
Derivative financial instruments	19	**488**	123
		3,996	5,803

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with various tenors up to 25 years (2021: 25 years) at the year end date and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK$2,879 million (2021: HK$3,795 million). The Group recognizes expected credit loss for all loans receivables based on its assessment of changes in credit risk on a collective basis, with reference to both historical loss experience and forward-looking information. Changes in the loss allowance are recognized in profit or loss.

19. Derivative Financial Instruments

		2022		2021	
	Notes	**Assets**	**Liabilities**	Assets	Liabilities
Fair value hedges					
– interest rate swaps		**–**	**4**	32	–
Cash flow hedges					
– cross currency interest rate swaps		**507**	**–**	99	109
Not designated as accounting hedges					
– forward foreign exchange contracts		**17**	**–**	2	–
		524	**4**	133	109
Representing:					
Current portion	21 & 24	**36**	**–**	10	–
Non-current portion	18 & 28	**488**	**4**	123	109
		524	**4**	133	109

The total outstanding derivative financial instruments as at the year end date are analyzed as follows:

		Notional principal amount	
	Maturing date	**2022**	2021
Designated as accounting hedges			
– interest rate swaps and cross currency interest rate swaps	Jan 2023 – May 2030 (2021: Feb 2022 – May 2030)	**18,407**	22,284
Not designated as accounting hedges			
– forward foreign exchange contracts	Apr 2023 – Sep 2025 (2021: Jan 2022 – Sep 2025)	**150**	159
		18,557	22,443

20. Properties for Sale

	2022	2021
Stock of completed properties for sale	**53,364**	44,017
Properties under development for sale	**153,772**	156,917
	207,136	200,934

21. Trade and Other Receivables

	Notes	2022	2021
Trade receivables	(a)	**8,744**	2,770
Other account receivables, deposits and prepayments	(b)	**9,255**	9,308
Deposits for acquisition of properties		**843**	4,708
Contract assets	(c)	**411**	405
Short-term loans	18	**1,726**	1,172
Derivative financial instruments	19	**36**	10
		21,015	18,373

(a) At 30 June 2022, 83% (2021: 65%) of trade receivables are aged less than 30 days, 8% (2021: 14%) between 31 to 60 days, 4% (2021: 5%) between 61 to 90 days and 5% (2021: 16%) more than 90 days.

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. When the Group is satisfied that recovery of the amount is remote, the impairment loss is written off against trade receivables directly. Impairment allowance in respect of trade receivable as at 30 June 2022 amounted to HK$127 million (2021: HK$144 million).

(b) The balance includes contract acquisition costs of HK$330 million (2021: HK$398 million) primarily related to incremental commission costs incurred to obtain property sales and telecommunication services contracts with customers. There was no impairment loss in relation to the cost capitalized.

(c) The contract assets primarily relate to the Group's right to consideration for unbilled revenue in relation to services rendered for use of data centre and IT facilities, telecommunication and construction services at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

22. Bank Deposits and Cash

Deposits with banks are interest bearing at prevailing market rates. At the year end date, about 34% (2021: 33%) of the Group's bank deposits and cash are denominated in Hong Kong dollar, 62% (2021: 62%) in Renminbi and 4% (2021: 5%) in US dollar.

23. Bank and Other Borrowings

	Note	2022	2021
Long-term bank and other borrowings due within one year	26	**15,857**	20,979

The carrying amounts of the bank and other borrowings approximate their fair values.

(Expressed in millions of Hong Kong dollars)

24. Trade and Other Payables

	Notes	2022	2021
Trade payables	(a)	**3,237**	2,708
Other payables and accrued expenses		**24,215**	22,937
Contract liabilities	(b)	**658**	630
Amounts due to non-controlling interests	(c)	**1,279**	1,203
Lease liabilities	28	**815**	732
		30,204	28,210

(a) At 30 June 2022, 65% (2021: 64%) of trade payables are aged less than 30 days, 7% (2021: 7%) between 31 to 60 days, 5% (2021: 3%) between 61 to 90 days and 23% (2021: 26%) more than 90 days.

(b) The contract liabilities relate primarily to advance payments received from customers in respect of use of data centre and IT facilities, telecommunication and construction services.

(c) The amounts due to non-controlling interests are interest free, unsecured and have no fixed terms of repayment.

25. Deposits Received on Sales of Properties

The Group receives payments from customers based on payment schedules established in contracts. The Group receives certain percentage of the agreed transaction price as a deposit when the Group signs a contract with the customers. Typically, the remaining balance is paid upon closing of the contracts when the properties are assigned to the customers. In many cases, the Group receives some further deposits from customers prior to the closing of the contracts. In some arrangements relating to sales of uncompleted properties, the customers agree to pay the balance of consideration early during the property construction period, rather than on assignment. All such deposits received are recognized as contract liabilities until the Group satisfies its performance obligations by transferring the control of the properties to the customers, at which time the contract liabilities are recognized as revenue.

Changes in contract liabilities in respect of deposits received on sales of properties during the year:

	2022	2021
At 1 July	**8,644**	21,462
Exchange difference	**(26)**	325
Decrease as a result of disposal of subsidiaries	**(9)**	–
Decrease as a result of recognizing revenue during the year	**(7,166)**	(20,369)
Increase as a result of receiving sales deposits during the year	**1,596**	7,226
At 30 June	**3,039**	8,644

26. Bank and Other Borrowings

The Group's long-term bank and other loans are repayable as follows:

	Note	2022	2021
Secured bank loans repayable			
Within one year		**250**	260
After one year but within two years		**2**	250
After two years but within five years		**10**	9
After five years		**54**	57
		316	576
Unsecured bank loans repayable			
Within one year		**8,943**	13,087
After one year but within two years		**23,935**	14,528
After two years but within five years		**42,524**	35,516
After five years		**7,102**	5,435
		82,504	68,566
Bonds and notes repayable			
Within one year		**6,664**	7,632
After one year but within two years		**2,568**	6,641
After two years but within five years		**6,892**	5,860
After five years		**25,987**	27,548
		42,111	47,681
		124,931	116,823
Less : Amount due within one year included under current liabilities	23	**(15,857)**	(20,979)
		109,074	95,844

The fair values of the long-term borrowings as estimated by discounting their future cash flows at the prevailing market borrowing rates at the year end date for similar borrowings are as follows:

	Carrying amount		Fair value	
	2022	2021	2022	2021
Secured bank loans	**66**	316	**66**	316
Unsecured bank loans	**73,562**	55,479	**73,562**	55,643
Bonds and notes	**35,446**	40,049	**33,038**	41,486
	109,074	95,844	**106,666**	97,445

(a) Secured bank loans related to bank borrowings of the Group's subsidiaries which are secured by way of legal charges over certain of its assets and business undertakings.

(b) The above bank loans are repayable on various dates up to November 2038 (2021: November 2038) and carry interest, after hedging where appropriate, at effective rate per annum of 1.96% (2021: 1.72%).

(c) The bonds and notes are repayable on various dates up to July 2032 (2021: July 2032), unsecured and carry interest, after hedging where appropriate, at effective rate per annum of 2.75% (2021: 3.07%).

(Expressed in millions of Hong Kong dollars)

26. Bank and Other Borrowings (cont'd)

(d) The carrying amounts of the Group's total borrowings are denominated in the following currencies (after cross currency interest rate swaps):

	2022	2021
Hong Kong dollar	**98,875**	87,862
US dollar	**3,770**	6,966
Renminbi	**20,721**	20,349
British pound	**1,565**	1,646
	124,931	116,823

27. Deferred Tax Liabilities

Deferred income tax assets and liabilities are offset when taxes relate to the same tax authority and where offsetting is legally enforceable. The Group has not recognized deferred tax assets arising from tax losses and deductible temporary differences as it is uncertain that the related tax benefits can be realized through future taxable profit. The components of the carrying amount of deferred tax liabilities and the movements during the year are as follows:

	Accelerated tax depreciation	**Revaluation of properties**	**Tax losses**	**Others**	**Total**
At 1 July 2020	7,185	15,667	(285)	71	22,638
Charged/(credited) to consolidated income statement	566	848	(111)	19	1,322
Exchange difference	216	1,517	(6)	7	1,734
At 30 June 2021 and 1 July 2021	7,967	18,032	(402)	97	25,694
Charged/(credited) to consolidated income statement	**556**	**(73)**	**(89)**	**17**	**411**
Exchange difference	**(76)**	**(494)**	**1**	**(3)**	**(572)**
At 30 June 2022	**8,447**	**17,465**	**(490)**	**111**	**25,533**

At the year end date, the Group has unrecognized tax losses and deductible temporary differences of HK$6,131 million (2021: HK$5,625 million), of which HK$428 million (2021: HK$364 million) of tax losses will expire at various dates up to 2026 (2021: 2026). Recognition of these unrecognized tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

28. Other Non-Current Liabilities

	Notes	2022	2021
Asset retirement and other obligations		**76**	67
Contractual obligations for mobile licences		**2,734**	827
Lease liabilities	(a)	**1,026**	1,053
Derivative financial instruments	19	**4**	109
		3,840	2,056

(a) At the year end date, the Group's lease liabilities are repayable as follows:

	2022	2021
Within one year	**815**	732
After one year but within two years	**379**	351
After two years but within five years	**166**	193
After five years	**481**	509
	1,841	1,785
Less: Amount due within one year included under trade and other payables	**(815)**	(732)
	1,026	1,053

29. Share Capital

	Number of shares in million	Amount
Issued and fully paid:		
Ordinary shares		
At 30 June 2021 and 30 June 2022	**2,898**	**70,703**

30. Share Option Scheme

The Company has a share option scheme which was adopted on 15 November 2012 ("the Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Details of the Scheme adopted by the Company are set out in the Directors' Report of the Annual Report 2022.

The Scheme

During the current and prior year, no share options were granted under the Scheme.

There were no outstanding share options granted under the Scheme for both years.

(Expressed in millions of Hong Kong dollars)

31. Statement of Financial Position of the Company

	Notes	2022	2021
Non-current assets			
Subsidiaries	(a)	**31,431**	31,428
Current assets			
Amounts due from subsidiaries		**189,467**	185,795
Bank deposits and cash		**54**	49
		189,521	185,844
Current liabilities			
Trade and other payables		**(60)**	(55)
Net current assets		**189,461**	185,789
NET ASSETS		**220,892**	217,217
CAPITAL AND RESERVES			
Share capital	29	**70,703**	70,703
Reserves	(b)	**150,189**	146,514
SHAREHOLDERS' EQUITY		**220,892**	217,217

Directors:
Kwok Ping-luen, Raymond
Lui Ting, Victor

(a) Particulars regarding principal subsidiaries are set out in the section headed "Principal Subsidiaries" of the Annual Report 2022.

(b) The movement of Company reserves during the year are as follows:

	Capital reserve	Retained profits	Total
At 1 July 2020	5,297	137,855	143,152
Profit for the year	–	17,706	17,706
Final dividend paid for the year ended 30 June 2020	–	(10,722)	(10,722)
Interim dividend paid for the year	–	(3,622)	(3,622)
At 30 June 2021 and 1 July 2021	5,297	141,217	146,514
Profit for the year	**–**	**18,019**	**18,019**
Final dividend paid for the year ended 30 June 2021	**–**	**(10,722)**	**(10,722)**
Interim dividend paid for the year	**–**	**(3,622)**	**(3,622)**
At 30 June 2022	**5,297**	**144,892**	**150,189**

Reserves of the Company available for distribution to equity shareholders of the Company as at 30 June 2022 amounted to HK$144,892 million (2021: HK$141,217 million).

32. Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2022	2021
Operating profit	**33,362**	37,245
Depreciation and amortization	**4,997**	5,183
Profit on disposal of subsidiaries	**(442)**	–
Profit on disposal of investment properties	**(81)**	(46)
Loss on disposal of property, plant and equipment	**15**	18
Dividend income from investments	**(139)**	(117)
Loss on disposal of long-term financial investments	**6**	–
Interest income from investments	**(88)**	(104)
Fair value gains on long-term financial investments at FVTPL	**(83)**	(117)
Share-based payments	**28**	27
Other non-cash items	**179**	46
Exchange difference	**30**	(735)
Operating cash inflow	**37,784**	41,400
Decrease in stock of completed properties for sale	**15,190**	19,914
Increase in properties under development for sale	**(24,817)**	(24,196)
Decrease in loans receivables	**1,618**	1,228
(Increase)/decrease in inventories	**(81)**	5
Increase in trade and other receivables	**(3,570)**	(3,495)
Decrease/(increase) in short-term financial investments at FVTPL	**200**	(235)
Increase/(decrease) in trade and other payables	**1,714**	(492)
Decrease in deposits received on sales of properties	**(5,596)**	(12,818)
Changes in working capital	**(15,342)**	(20,089)
Cash generated from operations	**22,442**	21,311

(b) Analysis of the balance of cash and cash equivalents at end of year

	2022	2021
Bank deposits and cash	**20,323**	21,781
Less: Bank deposits maturing after more than three months	**(1,991)**	(130)
Less: Pledged bank deposits	**(45)**	(5)
	18,287	21,646

(Expressed in millions of Hong Kong dollars)

32. Notes to Consolidated Statement of Cash Flows (cont'd)

(c) Reconciliation of the carrying amounts of liabilities relating to financing activities

	Bank and other borrowings	Amounts due to non-controlling interests	Lease liabilities	Total
At 1 July 2020	112,484	1,355	1,641	115,480
Changes from financing cash flows	2,605	(152)	(983)	1,470
Adjustment due to fair value change of financial instruments	186	–	–	186
Net exchange difference	1,548	–	–	1,548
New leases arranged during the year	–	–	1,127	1,127
At 30 June 2021 and 1 July 2021	116,823	1,203	1,785	119,811
Changes from financing cash flows	**8,767**	**32**	**(938)**	**7,861**
Adjustment due to fair value change of financial instruments	**(36)**	**–**	**–**	**(36)**
Net exchange difference	**(623)**	**–**	**–**	**(623)**
New leases arranged during the year	**–**	**–**	**994**	**994**
Other non-cash movements	**–**	**44**	**–**	**44**
At 30 June 2022	**124,931**	**1,279**	**1,841**	**128,051**

(d) Net cash outflow in respect of acquisition of subsidiaries

	2022
The recognized amounts of assets and liabilities at the date of acquisition of the subsidiaries comprise the following:	
Property, plant and equipment	**34**
Inventories	**35**
Trade and other receivables	**62**
Bank deposits and cash	**55**
Trade and other payables	**(101)**
Current tax payable	**(5)**
	80
Goodwill on acquisition	**18**
Total consideration paid in cash	**98**
Less: bank deposits and cash of subsidiaries acquired	**(55)**
Net cash outflow in respect of acquisition of subsidiaries	**43**

32. Notes to Consolidated Statement of Cash Flows (cont'd)

(e) Net cash inflow in respect of disposal of subsidiaries

	2022	2021
Analysis of assets and liabilities of subsidiaries disposed:		
Investment property under development (classified in assets of subsidiaries contracted for sale as at 30 June 2020)	**–**	37,589
Properties for sale	**3,785**	–
Trade and other receivables	**134**	–
Bank deposits and cash	**9**	–
Trade and other payables	**(23)**	(12)
Deposits received on sales of properties	**(9)**	–
Current tax payable	**(1)**	–
Non-controlling interests	**(1,068)**	(9,394)
Net assets disposed	**2,827**	28,183
Interest retained by the Group as a joint venture	**–**	(18,789)
Release of exchange reserve upon disposal of subsidiaries	**(229)**	–
Profit on disposal of subsidiaries	**442**	–
Total consideration	**3,040**	9,394
Net cash inflow in respect of disposal of subsidiaries:		
Total consideration	**3,040**	9,394
Deposits received in prior year	**–**	(7,613)
Bank deposits and cash disposed of	**(9)**	–
	3,031	1,781

(Expressed in millions of Hong Kong dollars)

33. Joint Operations

At the year end date, the aggregate amounts of assets and liabilities recognized in the consolidated financial statements relating to the Group's interests in joint operations are as follows:

	2022	2021
Investment properties	**20,642**	20,016
Stock of completed properties for sale	**166**	166
Properties under development for sale	**6,442**	4,010
	27,250	24,192
Trade and other payables	**390**	373
Current tax payable	**77**	95
Deferred tax liabilities	**206**	195
	673	663
Revenue	**852**	961
Expenses	**249**	249

34. Related Party Transactions

(a) Transactions with associates and joint ventures

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

	Associates		**Joint ventures**	
	2022	2021	**2022**	2021
Acquisition of businesses[(i)]/property interest[(ii)]	**–**	751	**98**	–
Interest income	**–**	–	**102**	101
Rental income	**–**	–	**1**	2
Cash rental paid	**–**	–	**45**	51
Other revenue from services rendered	**910**	656	**284**	67
Purchase of goods and services	**–**	–	**735**	950

(i) In September 2021, the Group completed the transaction to acquire the entire interests in the companies carrying on the ready mixed concrete and precast concrete businesses from Glorious Concrete (BVI) Ltd, a joint venture in which the Group has a 50% interest, for a consideration of HK$98 million.

(ii) On 9 November 2020, the Group entered into the agreement to acquire a 50% interest in the company owning the industrial site situated at Tuen Mun Town Lot No. 80 from a subsidiary of Transport International Holdings Limited, an associate of the Group, for a total consideration of HK$751 million. The property will be re-developed for office and commercial uses (subject to obtaining the relevant Government approvals). The transaction was completed in December 2020.

(b) Emoluments to key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, are disclosed in Note 7.

35. Contingent Liabilities and Commitments

At the year end date, the Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	2022	2021
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	**7,135**	10,043
Authorized but not contracted for	**5,006**	3,210
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	**2,753**	3,110
Authorized but not contracted for	**4,585**	–

(c) Guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK$2,394 million (2021: HK$2,293 million).

36. Operating Lease

The Group leases out properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are re-negotiated.

At the year end date, the aggregate minimum lease payments receivable by the Group in the future periods under non-cancellable operating leases are as follows:

	2022	2021
Within one year	**14,597**	15,459
After one year but within two years	**8,821**	9,148
After two years but within three years	**4,326**	4,948
After three years but within four years	**2,205**	2,400
After four years but within five years	**1,357**	1,541
After five years	**1,435**	2,119
	32,741	35,615

37. Charges of Assets

At the year end date, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$45 million (2021: HK$5 million) have been pledged for securing guarantees issued by the banks.

At the year end date, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$1,142 million (including bank deposits and cash of HK$284 million) (2021: HK$1,129 million (including bank deposits and cash of HK$25 million)) have been charged to secure their bank borrowings.

38. Critical Accounting Judgements and Estimations

In the application of the Group's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions used in preparing the consolidated financial statements are continually evaluated based on historical experience and other factors that are considered relevant, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Fair value of investment properties

At each reporting date, the Group's investment properties (including investment properties under development) are measured at fair values based on valuations by independent qualified valuers on the highest and best use basis. Income capitalization method is used in the valuations which is dependent on certain estimates, including fair market rents, appropriate capitalization rates, reversionary income potential and redevelopment potential where appropriate. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin. The management has reviewed the valuation and is satisfied that the valuation of the Group's investment properties is reasonable.

(b) Impairment of assets

Assets including goodwill and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. Estimating the value in use of an asset involves estimating the future cash flows expected to arise from its continuing use and from its disposal at the end of its useful life and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

(c) Net realizable value of properties for sale

Net realizable value of properties for sale (comprising completed properties for sale and properties under development for sale) is determined based on the Group's assessment of the price ultimately expected to be realized in the ordinary course of business by reference to prevailing market conditions less all estimated selling expenses and anticipated costs to completion.

(d) Income taxes

There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain and judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(e) Recognition of deferred tax assets

The amount of the deferred tax assets included in the consolidated financial statements of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilized. The recognition of deferred tax assets requires the Group to make judgements, based on assessment regarding future financial performance, about the amount of future taxable profits and the timing of when these will be realized.

39. Financial Risk Management

The Group's major financial instruments include investments, amounts due from associates and joint ventures, loan receivables, trade receivables, bank deposits and cash, trade payables, bank and other borrowings and other non-current liabilities. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments are managed by the Group's financial management policies and practices described below:

(a) Foreign currency risk

Foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operational cash flows and borrowings are mainly denominated in Hong Kong dollar. The Group aims to minimize its currency risk using forward contracts where feasible and cost effective. The Group's primary foreign currency exposures arise mainly from the property development and investment activities in Mainland and Singapore, whose net assets are exposed to foreign currency translation risk. Where appropriate, the Group seeks to finance these investments through borrowings denominated in the relevant foreign currencies. Exchange differences arising from the translation of the net investment in these Mainland and Singapore subsidiaries, associates and joint ventures have been dealt with in consolidated statement of comprehensive income.

The Group is also exposed to foreign currency risk in respect of its foreign currency borrowings, bank deposits and cash, mainly denominated in US dollar. Where appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with its borrowings. Foreign currency exposure of the Group's other monetary assets/liabilities is minimal.

At 30 June 2022, it is estimated that a 10% (2021: 10%) appreciation/depreciation in Hong Kong dollar against all other currencies, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$116 million (2021: increase/decrease by HK$94 million). The other comprehensive income would be decreased/increased by HK$83 million (2021: HK$123 million).

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly, at times of interest rate uncertainty, through the use of interest rate swaps.

The Group's interest rate risks arise principally from borrowings. Borrowings raised at floating rates expose the Group to cash flow interest rate risk. Interest rate risk is managed by the Group's senior management through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to the Group's businesses and investments.

The Group's borrowings are principally arranged on a floating rate basis. When appropriate, interest rate swaps are used to hedge and manage its long-term interest rate exposure. Speculative derivative transactions are strictly prohibited.

39. Financial Risk Management (cont'd)

(b) *Interest rate risk (cont'd)*

As at 30 June 2022, it is estimated that an increase/a decrease of 100 basis points (2021: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$562 million (2021: HK$340 million).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the year end date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for financial year 2021.

(c) *Price risk*

The Group is exposed to price risk through the Group's financial investments that are measured at fair value at each year end date with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at 30 June 2022, it is estimated that an increase/a decrease of 10% (2021: 10%) in quoted prices, with all other variables held constant, would increase/decrease the profit before taxation for the year and the other comprehensive income by approximately HK$65 million and HK$136 million (2021: HK$68 million and HK$191 million), respectively.

(d) *Credit risk*

The Group's credit risk is primarily attributable to trade receivables, loan receivables, derivative financial instruments and deposits with banks and financial institutions.

The Group's trade receivables mainly arise from sale of properties developed by the Group and rent receivables from tenants. Occasionally, long term loans are provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each year end date to ensure that adequate impairment loss is made for irrecoverable amounts.

Counterparty exposure from derivatives is managed, together with that from deposits and bank account balances, with credit limit that reflect published credit ratings and monitored on a regular basis to ensure there is no significant risk to any individual counterparty.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated financial statements after deducting any impairment loss. Except for the financial guarantees as set out in Note 35, the Group does not provide any other guarantee which would expose the Group to material credit risk.

39. Financial Risk Management (cont'd)

(e) Liquidity risk

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. The Group takes liquidity risk into consideration when deciding its sources of finances and their respective tenors. The Group aims to diversify its funding sources and minimize its refinancing risk by preventing substantial refinancing in any one period. The Group also maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Notes	**Carrying amount**	**Total contractual undiscounted cash flow**	**Up to 1 year**	**Over 1 year to 2 years**	**Over 2 years to 5 years**	**Over 5 years**
As at 30 June 2022							
Trade payables	24	**3,237**	**3,237**	**2,980**	**247**	**10**	**–**
Other payables and accrued expenses	24	**24,215**	**24,217**	**20,394**	**1,897**	**1,753**	**173**
Amounts due to non-controlling interests	24	**1,279**	**1,279**	**1,279**	**–**	**–**	**–**
Lease liabilities	24 & 28	**1,841**	**2,002**	**839**	**398**	**200**	**565**
Bank and other borrowings	23 & 26	**124,931**	**136,377**	**18,543**	**28,594**	**53,632**	**35,608**
Other non-current liabilities	28	**2,810**	**3,263**	**–**	**225**	**708**	**2,330**
Derivative financial instruments	19	**4**	**4**	**8**	**(4)**	**–**	**–**
		158,317	**170,379**	**44,043**	**31,357**	**56,303**	**38,676**

	Notes	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years
As at 30 June 2021							
Trade payables	24	2,708	2,708	2,580	126	2	–
Other payables and accrued expenses	24	22,937	22,939	19,079	1,883	1,785	192
Amounts due to non-controlling interests	24	1,203	1,203	1,203	–	–	–
Lease liabilities	24 & 28	1,785	1,964	761	353	243	607
Bank and other borrowings	23 & 26	116,823	128,191	23,564	23,365	45,006	36,256
Other non-current liabilities	28	894	996	–	68	215	713
Derivative financial instruments	19	109	116	(24)	(21)	37	124
		146,459	158,117	47,163	25,774	47,288	37,892

(Expressed in millions of Hong Kong dollars)

40. Fair Value of Financial Instruments

(a) Financial instruments carried at fair value

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

Level 1 Fair values measured at unadjusted quoted prices in active markets for identifiable assets or liabilities at the measurement date. This level includes all listed debt securities and listed equity securities, and certain unlisted debt securities that are measured at quoted prices in active markets.

Level 2 Fair values measured using inputs other than quoted prices where those inputs are based on observable market data and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 Fair values measured using significant unobservable inputs. This level includes all unlisted equity securities, except for certain unlisted equity securities which are classified as Level 2 as they are measured using inputs that are derived from or corroborated by observable market data.

As at 30 June 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	**13**	**–**	**–**	**13**
Equity securities	**645**	**–**	**551**	**1,196**
Financial assets at FVOCI				
Debt securities	**32**	**–**	**–**	**32**
Equity securities	**1,323**	**16**	**330**	**1,669**
Derivative financial instruments				
Cross currency interest rate swaps	**–**	**507**	**–**	**507**
Forward foreign exchange contracts	**–**	**17**	**–**	**17**
	2,013	**540**	**881**	**3,434**
Financial liabilities				
Bond and notes subject to fair value hedges	**–**	**596**	**–**	**596**
Derivative financial instruments				
Interest rate swaps	**–**	**4**	**–**	**4**
	–	**600**	**–**	**600**

40. Fair Value of Financial Instruments (cont'd)

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

As at 30 June 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	128	–	–	128
Equity securities	905	–	421	1,326
Financial assets at FVOCI				
Debt securities	559	–	–	559
Equity securities	1,355	17	306	1,678
Derivative financial instruments				
Interest rate swaps	–	32	–	32
Cross currency interest rate swaps	–	99	–	99
Forward foreign exchange contracts	–	2	–	2
	2,947	150	727	3,824
Financial liabilities				
Bond and notes subject to fair value hedges	–	632	–	632
Derivative financial instruments				
Cross currency interest rate swaps	–	109	–	109
	–	741	–	741

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

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

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

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

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

(Expressed in millions of Hong Kong dollars)

40. Fair Value of Financial Instruments (cont'd)

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

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

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

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

	Financial assets measured at		
	FVTPL	**FVOCI**	**Total**
Unlisted equity securities			
At 1 July 2020	249	285	534
Purchases	84	–	84
Sales	(28)	–	(28)
Change in fair value recognized in			
– profit or loss	116	–	116
– other comprehensive income	–	21	21
At 30 June 2021 and 1 July 2021	421	306	727
Purchases	**62**	**42**	**104**
Sales	**(14)**	**–**	**(14)**
Change in fair value recognized in			
– profit or loss	**82**	**–**	**82**
– other comprehensive income	**–**	**(18)**	**(18)**
At 30 June 2022	**551**	**330**	**881**

(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.

	2022		2021	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Debt securities	**818**	**657**	921	940
Long-term bank loans and bonds	**108,478**	**106,070**	95,212	96,813

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

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

41. Capital Management

The Group's objective for managing capital is to maintain a strong capital base to support the development of its business and to continue to provide returns for shareholders while maintaining a prudent level of financial leverage.

The Group actively reviews and monitors its capital structure on a regular basis to maintain a healthy net debt-to-shareholders' equity ratio. For this purpose the Group defines net debt as total borrowings less bank deposits and cash. Shareholders' equity comprises share capital and reserves attributable to the Company's shareholders as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debt financing or sell assets to reduce debt.

The net debt-to-shareholders' equity ratios at the year end were as follows:

	2022	2021
Secured bank loans	**316**	576
Unsecured bank and other loans	**124,615**	116,247
Total borrowings	**124,931**	116,823
Less: Bank deposits and cash	**(20,323)**	(21,781)
Net debt	**104,608**	95,042
Shareholders' equity	**601,946**	593,820
Net debt-to-shareholders' equity ratio	**17.4%**	16.0%

42. Approval of the Consolidated Financial Statements

The consolidated financial statements set out on pages 171 to 240 were approved by the board of directors on 8 September 2022.

Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 30 June 2022 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal subsidiaries were incorporated and are operating in Hong Kong, unlisted and are indirectly held by the Company.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
SUNeVision Holdings Ltd. (Listed in Hong Kong)	2	73.51	Provision of data centre, facilities management and value-added services, installation and maintenance services	233,905,733
SmarTone Telecommunications Holdings Limited (Listed in Hong Kong)	3,13	72.92	Mobile telephone system operation	110,579,210
Sun Hung Kai Real Estate Agency Limited	6	100	Asset and project management services	1,000,000
New Town (N.T.) Properties Limited	7	100	Investment holding	2,472,515,162
Fidelity Finance Company, Limited	6	100	Finance	200
Honour Finance Company, Limited	6	100	Loan financing	500,000
Sun Hung Kai Properties (Financial Services) Limited	6	100	Finance	100,000
Sun Hung Kai Properties Insurance Limited	6	100	General insurance	75,000,000
Sun Hung Kai Architects and Engineers Limited	6	100	Architectural and engineering	350,000
Sanfield Building Contractors Limited		100	Building construction	90,000,000
Sanfield (Management) Limited		100	Building construction and project management	2
Everlight Engineering Company, Limited		100	Fire prevention and mechanical engineering	5,500,000
Aegis Engineering Company, Limited		100	Plant and machine hire	100,000
Hong Yip Service Company Limited		100	Property and facility management	100,000
Kai Shing Management Services Limited	6	100	Property and facility management	10,000
Mantegna Investment Company Limited	1	100	Property investment	2
		100		(Note 9) 9,999,998
Royaltelle International Limited		100	Hotel operation	2
Access Orient Investments Limited	1	100	Property investment	US$1
Ace Peace Limited		100	Property investment	1
Additech Ltd.	1	100	Property investment	US$1
Advance Vision Enterprises Limited		100	Property investment	2
Airport Freight Forwarding Centre Company Limited		100	Freight forwarding centre	100
Annadale Development Limited		100	Property trading and investment	2
Antanpark Limited	1	100	Property investment	US$1
Antinio Investments Limited	1	100	Property investment	US$1
Artsland Properties Investment Limited	1	100	Property investment	US$1
Assured Outcome Limited	1	100	Property investment	US$1
Barnard Enterprises Limited	1	75	Property investment	US$100
Beauty Marble Investment Limited		100	Property investment	2
Beijing New Town Plaza Real Estate Co., Ltd.	5c	100	Property investment	US$9,000,000*
Beijing Sun Dong An Co., Ltd.	5a	100	Property investment	US$129,000,000*
Best Numbers Limited	1	100	Property investment	US$1
Best Winners Limited	1	100	Property investment and hotel operation	US$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Biliboss Ltd.	1	100	Property investment	US$1
Bright Strong Limited		100	Property development, trading and investment	2
Buratto Limited	1	100	Property investment	US$1
Capital Mind Investments Limited	1	100	Property investment	US$1
Century Opal Limited		100	Property investment and development	1
Channel First Limited		100	Property development and investment	1
Champion Dynasty Investments Limited	1	100	Property investment	US$1
Charmford Holdings Limited		100	Property trading	1
Cheerlord Investment Ltd.	1	100	Property investment and hotel operation	US$1
成都忠捷置業有限公司	5b	91	Property development	RMB213,000,000*
Choice Win (H.K.) Limited		100	Property development, trading and investment	1
City Lion Investment Limited	1	100	Property investment	US$1
City Success Limited		100	Property development, trading and investment	2
Classic Best Investments Limited	1	100	Property investment	US$1
Classic Success Investments Limited	1	100	Property investment	US$1
Connick Limited	1	100	Property investment	US$1
Crown Opal Investment Limited		64.30	Property trading	1
Crown World Investment Limited		100	Property trading and investment	1
Dictado Company Limited		100	Property investment	200
Digital Chance Investments Limited	1	100	Property investment	US$1
Dipende Limited	1	100	Property investment	US$1
Dragon Value Investments Limited	1	100	Property investment	US$1
Ease Gold Development Limited		100	Property development, trading and investment	2
Easyway Properties Limited		100	Property trading and investment	1
Entero Company Limited	8	100	Property investment	200
Even Decade Limited	1	100	Property investment	US$1
Ever Channel Limited		100	Property investment	2
Ever Crystal Limited		100	Property investment	1
Ever Fast Limited		100	Property investment	2
Evermax Development Limited		100	Property investment and trading	2
Excellent Chance Limited	1	100	Property investment	US$1
Fast Commerce Global Limited	1	100	Property investment	US$1
Forever Glory Investments Limited	1	100	Property investment	US$1
Fortin International Limited	1	100	Property investment and trading	US$1
Fortune Honor Limited		100	Property investment	2
Fortune Sign Global Limited	1	100	Property investment	US$1
Fortune Yield Investment Limited		100	Property investment	2
佛山市新普房地產開發有限公司	5c	100	Property development and investment	US$34,000,000*
東莞創紀房地產開發有限公司	5c	100	Property development	US$121,000,000*
Full Market Limited		100	Property investment	2
Fu Tong Investment Company Limited	6	100	Property investment	300,000
Garudia Limited		100	Property investment	2

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Gleamland Limited	1	100	Property investment	US$1
Globaluck Limited		100	Property development	2
Golden Square Properties Enterprises Limited	1	100	Property investment	2
		100		(Note 9) 999,998
Good Assets Limited		100	Property trading	1
Good Faith Properties Limited		100	Property trading and investment holding	1
Goodwick Limited		100	Property trading and investment	1
Great Assets Global Limited	1	100	Property investment	US$1
Great Alliance Limited		100	Property trading	1
Group Allied Limited		100	Property trading and investment	1
Group Channel Limited		100	Property investment	1
廣州南沙區慶盛新鴻基地產發展有限公司	5c	100	Property development and investment	RMB3,000,000,000*
廣州新天房地產發展有限公司	5b	70	Property development	RMB798,000,000*
廣州市佳俊房地產開發有限公司	5c	100	Property development	RMB210,000,000*
廣州市新域發展有限公司	5b	100	Business services	RMB7,400,000,000
廣州市南站新鴻基地產投資有限公司	5c	100	Property development and investment	RMB3,700,000,000
廣州市南站新鴻基地產發展有限公司	5c	100	Property development and investment	RMB3,700,000,000
Hambrook Investments Limited	1	100	Property investment	US$1
Harbour Vantage Limited		100	Property trading	2
Harrison Global Limited	1	100	Property investment	US$1
Headmaster Assets Limited	1	100	Property investment	US$1
Hero Town Limited	1	100	Property investment	US$86,500,001
Herowell Limited		100	Property investment	1
Hintline Investments Limited		100	Property investment and trading	5,000
Hinwood Investment Limited		100	Property investment and trading	1
Hoi Kong Container Services Company Limited		100	Mid stream operator	40,000,000
Honenberg Limited		100	Property investment	2
Hong Kong Business Aviation Centre Limited		35	Business Aviation Centre	1,000,000
Hong Kong Sky Deck Limited		100	Observation deck	1
Hongyi (Shanghai) Corporate Development Co., Ltd.	5c	100	Property investment	US$214,482,000*
Hung Kai Finance Investment Holding Limited		100	Property investment	200
Incheri Limited	1	100	Hotel operation	US$1
Jayan Company Limited		100	Property investment and investment holding	2
Joinyield Limited		100	Property trading and investment	1
Jugada Company Limited		100	Property investment	2
Jumbo Pacific Limited		100	Property trading and investment	1
Joyful Polaris Limited	1	100	Property investment	US$1
Kamchatka Company Limited		100	Property investment	200
Kamsford Hong Kong Limited		100	Property investment	16,500,000
Kartasun Limited		100	Property investment	2
Kimrose Investments Ltd.	1	100	Property investment	US$1
Kintech Investment Limited		100	Property trading	1
Kong Smart Investment Limited		100	Property investment and development	1
Laboster Company Limited	6	100	Property investment	2
Lanecove Enterprise Limited	1	100	Property investment	US$1
Lansmart Limited		100	Property trading and investment holding	2

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Lee Bit Kai Investment Company Limited	6	100	Property investment	1,000
Leverson Limited	1	100	Property investment and hotel operation	US$1
Long Kinetic Limited		100	Property investment and hotel operation	1
Long Tesak Company Limited		100	Property investment	100,000
Lunalite Company Limited		100	Property investment	2
Mainco Limited		100	Property development	1
Manceton Limited		100	Property investment	2
Market Century Global Limited	1	100	Property investment	US$1
Market Talent Investments Limited	1	100	Property investment	US$1
Masston Limited		100	Property investment	1
Maxwear Limited	1	100	Property investment	US$1
Mighty Choice Assets Limited	1	100	Property investment	US$1
Mindano Limited		100	Property investment and investment holding	10,000
Morison Limited	1	100	Property investment	US$1
Nixon Cleaning Company Limited		100	Cleaning service	100,000
Obvio Yip Company Limited	6	100	Property investment	15,000,000,000
Opal Lucky Limited		100	Property investment	1
Open Step Limited		60	Property investment	10
Oriental Way Limited		100	Hotel management and property investment	1
Pacific Earth Enterprise Limited		100	Property trading and investment	1
Pacific Gold Limited		100	Property investment, trading and development	1
Pacotilla Company Limited		100	Property investment	200
Partner Sino Assets Limited	1	100	Property investment	US$1
Pawling Limited	1	100	Property investment	US$1
Polarland Limited		100	Property trading	1
Pontamell Limited	1	100	Property investment	US$1
Potential Area Limited	1	100	Property investment	US$1
Precise Oceanic Limited	1	100	Property investment	US$1
Profit Richness Ltd.	1	100	Property investment	US$1
Progress Success Investments Limited	1	100	Property investment	US$1
Protasan Limited		100	Property investment	100
Red Stand Investments Limited	1	100	Property investment	US$1
Riderstrack Development Limited	1	100	Property investment	US$1
Rinnovare Limited	1	100	Property investment	US$1
Route 3 (CPS) Company Limited		70	Toll road operation	10,000
Score Best Investments Limited	1	100	Property investment	US$1
Scott Global Investments Limited	1	100	Property investment	US$1
Senmark Limited		100	Hotel operation	2
Shanghai Central Plaza Property Co., Ltd.	5a	80	Property investment	US$42,000,000*
Shanghai International Commerce Centre Co., Ltd.	5c	100	Property development and investment	US$290,500,000*
Shanghai SHK International Commerce Centre Co., Ltd.	5c	100	Property development and investment	US$90,000,000*
Shanghai SHK Weiyi Property Co., Ltd.	5c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weijing Property Co., Ltd.	5c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weizheng Property Co., Ltd.	5c	100	Property investment	RMB1,220,000,000*
Shanghai SHK Weiwan Property Co., Ltd.	5c	100	Property investment	RMB18,500,000,000*
Shanghai Xin Zhong Hui Property Co., Ltd.	5c	100	Property investment	US$18,000,000*

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Shubbery Company Limited		100	Property investment	200
Shunyue Investments Limited	1	100	Property investment	US$1
Silver Knight Developments Limited	1	100	Property investment	US$1
Smithtown Investments Limited	1	100	Property investment	US$1
Solar Kingdom Limited		100	Property investment	2
Speed Wise Limited	6	100	Property investment	2
Speedway Assets Limited	1	100	Property investment	US$1
Splendid Sharp Limited		100	Property investment	4
Spring Bliss Investments Limited	1	100	Property investment	US$1
Standard Top Limited		100	Property investment	2
Starry View Holdings Limited	1	100	Property investment	US$1
Startrack Company Limited		100	Property investment	200
Sun Carol Company Limited		100	Property investment	200
Sun Hung Kai Development (China) Limited		100	Investment holding	20,000,370
Sun Hung Kai Development (Lujiazui II) Ltd.	5c	100	Property investment	US$121,355,000*
Sun Hung Kai Development (Zhang Yang) Ltd.	5c	100	Property development and investment	US$165,000,000*
Sun Hung Kai IFC (Nanjing) Co., Ltd.	5c	100	Property investment	RMB721,914,400*
Sun Hung Kai ICC (Suzhou) Co., Ltd.	5b	90	Property development and investment	RMB1,800,000,000*
Sun Hung Kai Properties (Capital Market) Limited	2,6,12	100	Finance	US$10
Sun Hung Kai Properties Investment (Guangzhou) Limited	5c	100	Investment holding	US$90,000,000*
Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited		100	Real Estate and general agencies	1
Sun Hung Kai Secretarial Services Limited	6	100	Secretarial services	200
Sun Yuen Long Centre Management Company Limited		100 75	Property investment and management	(Note 10) 25,000 (Note 11) 25,000
Sunfez Company Limited		100	Property investment	200
Sunrit Enterprises Limited		100	Property investment	4,000,000
Super Great Limited		100	Property development and investment	1
Superwick Limited		100	Property development and trading	1
Tainam Holdings Limited	1	100	Property investment	US$1
Ten Choice Development Limited		100	Property investment	2
Tenuta Limited	1	100	Property investment	US$1
Time Bliss Limited	1	100	Property investment	US$1
Tipro Development Limited		100	Property investment	1,000,000
Tonthai Investment Enterprises Limited	1	100	Property investment	US$1
Top Deluxe (H.K.) Limited		100	Property trading	1
Top State Development Limited		100	Property investment and trading	1
Town Descant Company Limited		100	Property investment	200
Transport Infrastructure Management Limited		100	Road management	70,000,000
True Vantage Global Limited	1	100	Property investment	US$1
Tsi Mai Company Limited		100	Property investment	200
Tuxedos Company Limited		100	Property investment and trading	200
Uniland Investment Enterprises Limited	1	100	Property investment	US$1
United Way Investments Limited	4,6	100 100	Owner of trade mark	US$1 (Note 9) US$83,400
Upper Hill Company Limited	1	100	Property investment	US$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Vast Earn Property Corp.	1	100	Property investment	US$2
Wai Hung Development Company Limited	6	100	Investment holding and property investment	70,000
Warrior Company Limited		100	Property investment	300
Wealth Capsule Investments Limited	1	100	Property investment	US$1
Wealth Power International Enterprise Limited		92	Property investment and trading	1
Well Capital (H.K.) Limited		100	Property development and investment	1
Well Success Capital Investment Limited		92	Property trading	1
Well Famous Enterprise Limited		100	Property investment	1
Well Logic Properties Investment Limited	1	100	Property investment	US$1
Wellden Limited		100	Property investment	2
Wetland Park Management Service Limited		100	Property investment	2
Willmax Limited		100	Property investment	2
Wilson Parking (Holdings) Limited		100	Investment holding and carpark operation	1,000
Winbox Investment Limited		100	Property investment and trading	1
Winner Land Enterprises Limited		100	Property investment	2
Winter Ranch Limited	1	100	Property investment	US$1
Wisecity Development Limited		100	Property development and trading	2
Wonder Charm Assets Limited	1	100	Property investment	US$1
WTC (Club) Limited		100	Club management	200
YATA Limited		100	Department store operation	30,000,000
Zarabanda Company Limited		100	Property investment	2

Notes:

1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated in the Cayman Islands and operating in Hong Kong.*
3. *Incorporated in Bermuda and operating in Hong Kong.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated and operating in the People's Republic of China:*
   a. *Co-operative joint venture enterprise*
   b. *Equity joint venture enterprise*
   c. *Wholly foreign owned enterprise*
6. *Directly held by the Company.*
7. *11.89% directly and 88.11% indirectly held by the Company.*
8. *50% directly and 50% indirectly held by the Company.*
9. *Redeemable share.*
10. *"A" share.*
11. *"B" share.*
12. *At 30 June 2022, the carrying amount of guaranteed notes issued by Sun Hung Kai Properties (Capital Market) Limited is HK$40,684 million (2021: HK$46,269 million), which are repayable on various dates up to July 2032 (2021: July 2032) at average effective rate of 2.71% (2021: 3.04%) per annum.*
13. *At 30 June 2022, the carrying amount of guaranteed notes issued by SmarTone Finance Limited, an indirect wholly-owned subsidiary of SmarTone Telecommunications Holdings Limited, is HK$1,427 million (2021: HK$1,412 million), which is repayable in April 2023 (2021: April 2023) at interest rate of 3.875% (2021: 3.875%) per annum.*

Principal Joint Ventures

The directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures as at 30 June 2022 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal joint ventures were incorporated and are operating in Hong Kong and unlisted.

	Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
+	Altomatic Limited		50	Property investment	Ordinary
#+	China Resources Sun Hung Kai Properties (Hangzhou) Limited	5	40	Property development and investment	Registered capital
#+	China Resources Sun Hung Kai Properties (Wuxi) Limited	5	40	Property development and investment	Registered capital
#	Dragon Beauty International Limited		50	Property development	Ordinary
	Glorious Concrete (BVI) Limited	4	50	Manufacturer of precast and ready mixed concrete	Ordinary
#+	Green Valley Landfill, Limited		20	Landfill waste disposal facility	Ordinary
#+	Guangzhou Fujing Properties Development Co., Ltd.	3	33.33	Property development	Registered capital
#+	廣州宏城廣場房地產開發有限公司	6	50	Property investment	Registered capital
#+	Hangzhou Runhong Properties Limited	5	40	Property development	Registered capital
	IFC Development Limited	1	50	Property investment	Ordinary
	Jade Land Resources Limited		25	Property trading and investment	Ordinary
#	Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited		50	Godown operation	Ordinary
	Max Century (H.K.) Limited		50	Property investment and development	Ordinary
+	Newfoundworld Investment Holdings Limited	1	26.67	Investment holding	Ordinary
#+	Orchard Turn Holding Pte. Ltd.	2	50	Investment holding	Ordinary
+	Ranny Limited		50	Property investment	Ordinary
#+	River Trade Terminal Co. Ltd.	1	50	River trade terminal	Ordinary
#	Senica International Limited	4	22.50	Investment holding	Ordinary
#+	Shanghai Xintian Real Estate Co., Ltd.	3	35	Property development and investment	Registered capital
	Special Concept Development Limited		25	Property investment	Ordinary
+	Splendid Shing Limited		50	Property investment	Ordinary
#+	Star Play Development Limited		33.33	Property investment	Ordinary
#+	祥寶投資(成都)有限公司	5	40	Property development and investment	Registered capital
	Teamfield Property Limited		57.52	Property investment	Ordinary
+	Tinyau Company Limited		50	Property investment	Ordinary
+	Topcycle Development Limited		50	Property development	Ordinary
	Vivid Synergy Limited	1	50	Investment holding	Ordinary

	Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
#	Wolver Hollow Company Limited		50	Property investment	Ordinary
+	Xipho Development Company Limited		33.33	Property trading	Ordinary
#+	佛山市新升房地產開發有限公司	5	50	Property development	Registered capital
#+	佛山市新鋒房地產開發有限公司	5	50	Property development	Registered capital
#+	佛山市新晉房地產開發有限公司	5	50	Property development	Registered capital
#+	佛山市新駿房地產開發有限公司	5	50	Property development	Registered capital
#+	佛山市新昊房地產開發有限公司	5	50	Property development	Registered capital
#+	佛山市新匯房地產開發有限公司	5	50	Property development	Registered capital
#+	佛山市新景房地產開發有限公司	5	50	Property development	Registered capital
#+	Hangzhou River East Estates Co., Ltd.	3	45	Property development and investment	Registered capital
#+	Hangzhou River West Co., Ltd.	3	50	Property development and investment	Registered capital

\+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

\# *Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.*

Notes:
1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated and operating in the Republic of Singapore.*
3. *Incorporated and operating in the People's Republic of China as equity joint venture enterprise.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated and operating in the People's Republic of China as wholly foreign owned enterprise.*
6. *Incorporated and operating in the People's Republic of China as co-operative joint venture enterprise.*

Principal Associates

The directors are of the opinion that a complete list of the particulars of all associates will be of excessive length and therefore the following list contains only the particulars of associates as at 30 June 2022 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal associates were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share
#+ Transport International Holdings Limited (Listed in Hong Kong)	1	41.13	Public transportation	Ordinary
#+ Ranex Investments Limited		29	Property development and investment	Ordinary
#+ The Hong Kong School of Motoring Limited		30	Driving School	Ordinary
#+ Onluck Finance Limited		35.44	Finance	Ordinary
#+ Treasure Peninsula Limited		29	Finance	Ordinary

\+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

\# *Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.*

Note: 1. Incorporated in Bermuda and operating in Hong Kong.

www.shkp.com

MIX
Paper from responsible sources
FSC™ C127090