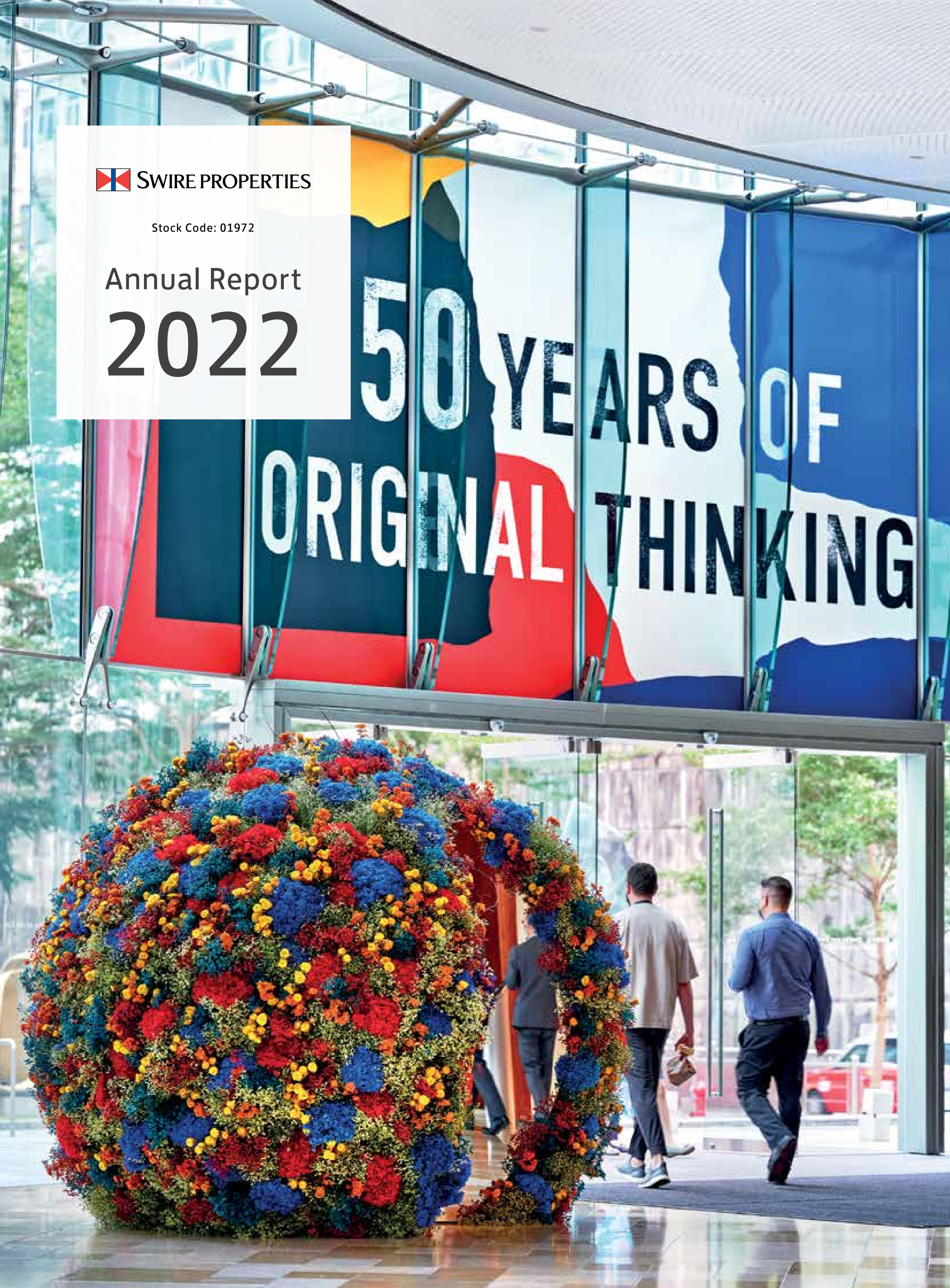
SWIRE PROPERTIES

Stock Code: 01972

Annual Report 2022



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COMPANY PROFILE

Swire Properties Limited (the "Company") is a leading developer, owner and operator of mixed-use, principally commercial, properties in Hong Kong and the Chinese Mainland, with a record of creating long-term value by transforming urban areas. Our business comprises three elements: property investment, property trading and hotel investment.

Founded in Hong Kong in 1972, the Company is listed on The Stock Exchange of Hong Kong Limited and, with its subsidiaries, employs around 5,000 people. The Company's shopping malls are home to more than 2,200 retail outlets. Its offices house a working population estimated to exceed 72,000.

In Hong Kong, we have spent 50 years developing an industrial area into what is now Taikoo Place and Cityplaza, one of Hong Kong's largest business districts comprising office space, the largest shopping mall on Hong Kong Island and a hotel. Pacific Place, built on the former Victoria Barracks site, is one of Hong Kong's premier retail and business addresses. In the Chinese Mainland, the Company has six major commercial projects in operation in Beijing, Guangzhou, Chengdu and Shanghai. Similar in scale to our developments in Hong Kong, our Chinese Mainland properties are in commercial districts with excellent transport connections.

The Company has interests in the luxury and high quality residential markets in Hong Kong, Indonesia, Vietnam and Thailand. There are also land banks in Miami, U.S.A. Swire Hotels develops and manages hotels in Hong Kong, the Chinese Mainland and the U.S.A., with an expansion plan to Japan.

The Company has a presence in the Brickell financial district in Miami, U.S.A., where it has investment properties. The Company has offices in South East Asia which explore opportunities in the property markets in the region.

Fifty years ago, Swire Properties was established in Hong Kong, and built a reputation for outstanding quality and transformational placemaking. We are transforming places and supporting thriving communities around the world by putting our values, our creativity and our SD2030 Strategy into action.

Over the years the Company has continued to grow, achieving wide recognition in Hong Kong and the Chinese Mainland, and establishing a presence across major world cities, including Miami, Singapore, Jakarta, Ho Chi Minh City and Bangkok.

In 2022, Swire Properties celebrated its 50th anniversary. To honour this milestone, the Company launched the year-long "ORIGINAL. ALWAYS." campaign to highlight our innovative spirit and showcase our long-term vision and commitment to creating vibrant places.

ORIGINAL. ALWAYS.

50 YEARS OF SWIRE PROPERTIES

CREATIVE TRANSFORMATION

Captures what we do and how we do it. It underlines the creative mindset and long-term approach that enables us to seek out new perspectives, and original thinking that goes beyond the conventional.

It also encapsulates our ability to unlock the potential of places and create vibrant destinations that can engender further growth and create sustainable value for our stakeholders.

2022 HIGHLIGHTS

MAR

Announced partnership with Xi'an Cheng Huan Cultural Investment and Development Co. Ltd. to develop **Taikoo Li Xi'an**

Xi'an


Artist's Impression

MAY

Celebrated **Swire Properties' 50th anniversary** with a series of arts programmes, including continued partnership with Art Basel Hong Kong and inaugural Asian tour of "Bags: Inside Out" by the Victoria and Albert Museum, London

Hong Kong

Officially rolled out the **"Green Performance Pledge"** for office tenants. As of 31 December, tenants spanning 37.9% of occupied lettable floor area of the Hong Kong office portfolio have committed

Hong Kong

JUN

Named **"Hong Kong's Most Attractive Employer"** in Randstad's 2022 Employer Brand Research

Hong Kong

Won the bid for **269 Queen's Road East residential development** in the HKSAR Government's Land Sale Programme

Hong Kong

JUL–AUG

Pursued new hotel management agreement model with **two new The House Collective hotels** in Tokyo and Shenzhen

Tokyo and Shenzhen


Architectural Rendering
(Image by Proloog. Copyright:Snøhetta.
Courtesy of Tokyu Corporation)

SEP

Completed **Two Taikoo Place** office tower, the latest addition to Taikoo Place

Hong Kong

Celebrated **10th anniversary** of INDIGO in Beijing

Beijing

OCT

Announced **new retail project in Sanya** in partnership with a subsidiary of China Tourism Group Duty Free Corporation ^

Sanya

NOV

Officially launched **"Bi-city Youth Cultural Leadership Programme"** in partnership with the Hong Kong Palace Museum ^

Hong Kong

Taikoo Place and Pacific Place became first office portfolios in Hong Kong certified by global digital connectivity benchmark WiredScore. Two Taikoo Place and Six Pacific Place obtained **highest WiredScore and SmartScore certifications**, first in Hong Kong

Hong Kong

Completed **EIGHT STAR STREET** residential development with 29 units sold (as of 31 December) v

Hong Kong

Celebrated grand opening of the **ZHANGYUAN urban regeneration project**, a Shanghai Jing'an Urban Regeneration Construction Development Co., Ltd-owned property, which the Company jointly operates and manages v

Shanghai


Artist's Impression

DEC

Announced naming of new office building on Queen's Road East as **Six Pacific Place**, and renaming of 28 Hennessy Road as **"Five Pacific Place"** ^

Hong Kong

Announced plan to acquire remaining 50% equity interest of **Sino-Ocean Taikoo Li Chengdu**. The acquisition was completed in February 2023

Chengdu

FEB 2023

Acquired 40% interest in a freehold site in Bangkok to develop **luxury condominium** ^

Bangkok

SD2030

"Our vision is to be the leading sustainable development performer in our industry globally by 2030."

— GUY BRADLEY, CHAIRMAN

2022 HIGHLIGHT ACHIEVEMENTS

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Ranked 4th globally, and 1st in Asia in the Real Estate Industry

Ranked 2nd globally in the "Environmental Dimension"

GRESB
REAL ESTATE
sector leader 2022

Global Sector Leader (Mixed use sector) for 6th consecutive year

Global Development Sector Leader (Mixed Use sector) for 3rd consecutive year

Hang Seng Corporate Sustainability Index Series Member 2022-2023

AAA HKQAA

No. 1 for 5th consecutive year and "AAA" rating

Bloomberg Gender-Equality Index 2023 Member Subsidiary

First listed on the 2023 Bloomberg Gender-Equality Index (GEI)

Top 10%
S&P Global ESG Score 2022

S&P Global Sustainability Yearbook 2023

Top 10% S&P Global ESG Score

Green Building Award 2021 by Hong Kong Green Building Council and the Professional Green Building Council

Pioneer Award in Green Building Leadership Category (Facilities Management)

Two Taikoo Place won Grand Award in New Building Category (Projects Under Construction and/or Design – Commercial)

2023 ASHRAE Technology Award

First Place of Commercial Buildings (Existing Building Commissioning) category

2022 RICS Awards Hong Kong

Sustainability Award

2022 RICS Awards China

Taikoo Li Sanlitun West: Excellence – "Regeneration Project of the Year"

2022 Best Annual Reports Awards by the Hong Kong Management Association

Sustainability Development Report 2021: Best Environmental, Social and Governance Reporting Award (Property Development & Investment category)

Annual Report 2021: Bronze Award (General Category)

CIBSE Building Performance Awards 2023

Best Digital Innovation

Best Corporate Governance and ESG Awards 2022 by the Hong Kong Institute of CPAs

ESG Award – Non-Hang Seng Index (Large Market Capitalization) Category

Hong Kong Institute of Human Resource Management HR Excellence Awards 2021/2022

Excellence ESG Award (Organisational Category)

SUSTAINABLE DEVELOPMENT (SD) 2030 STRATEGY: 2022 HIGHLIGHTS

PLACES

Through effective placemaking and long-term placekeeping, we aim to continue to transform the places in which we invest so as to create value, whilst retaining their character, supporting communities and enhancing people's lives.

Impact Reporting

Published our third Places Impact Report for Taikoo Hui Guangzhou, **"The Creative Transformation of Taikoo Hui Guangzhou"**, in conjunction with South China University of Technology. The Report uses our Places Impact Framework for assessing, measuring and reporting on the environmental, social and economic impacts of this development

Wellness

Taikoo Hui Guangzhou obtained WELL Platinum certification, recognising the development's positive impacts on human health and wellbeing

Digital Connectivity

Two Taikoo Place and Six Pacific Place became the first buildings in Hong Kong to be both WiredScore and SmartScore Platinum certified

PEOPLE

We aim to create an environment where our employees will be healthier, happier and more productive, to invest in our employees and to provide rewarding career paths so as to develop a diverse and industry-leading team.

Talent Management

2025 KPI	2022 Progress
A **25%** increase in training hours/ employee/year[1]	**~154,000** training hours delivered **24** training hours/ employee/year **(↑97%)**

Occupational Health and Safety

2025 KPI	2022 Progress
Maintain Lost Time Injury Rate ("LTIR")	
Non-hotel operations: **<1.2**	Non-hotel operations: **0.57**
Hotel operations: **<2.0**	Hotel operations: **1.56**

Diversity & Inclusion

First time inclusion in the 2023 Bloomberg Gender-Equality Index ("GEI")

2025 KPI	2022 Progress
Maintain a female representation of no less than **40%** in the workforce	**40.2%** of the workforce are female
Maintain a gender balance in senior management	**38.3%** of senior management positions are held by women
Maintain gender pay ratio at **1:1**	Gender pay ratio (female to male)[2]: **1:0.92**

Volunteering

Our Community Ambassador Programme contributed **>6,100** volunteer service hours, supporting **73** activities

PARTNERS

We aim to continue to develop long-term, mutually beneficial relationships with our business partners and other key parties so as to improve our environmental, social and economic performance.

Suppliers

2025 KPI	2022 Progress
25% of products and services purchased[3] shall be sustainable[4]	**17%** of products and services purchased were sustainable **HK$1,477** million spent on sustainable procurement
Reduce 5-year rolling average of accident rate[5] in our Hong Kong development projects by **50%**	Achieved a reduction of **64%** in accident rate

~100% concrete used in Two Taikoo Place are Platinum-certified under the Construction Industry Council Green Product Certification

Tenants

Officially rolled out the **Green Performance Pledge ("GPP")** in HK and the Chinese Mainland to deepen landlord-tenant partnerships on sustainability and ESG

2025 KPI	2022 Progress
50% of tenants in our office portfolios[6] sign the Green Performance Pledge to jointly improve environmental performance	GPP launched with **52** tenants, which covered **37.9%** of tenants in our office portfolio in Hong Kong

Recognised **76** F&B tenants in Hong Kong and the Chinese Mainland with Green Kitchen Awards

The Smart Reusable Cup System at Taikoo Place expanded to **10** F&B tenants, and avoided the disposal of over **16,800** single-use cups since the programme's launch

1 Compared to the baseline year of 2016.
2 In 2022, gender pay ratio is calculated based on a non-weighed average methodology.
3 For wholly-owned investment portfolios.
4 Products that meet specific sustainability criteria such as green certification or accreditation by reputable, independent third parties.
5 Using 2015-2019 (5-year average) as baseline. Accidental rate represents the number of reportable accidents per 1,000 contractor workers. It is calculated as the total number of reportable accidents multiplied by 1,000 and then divided by average daily number of contractor workers on-site.
6 Measured by occupied lettable floor area ("LFA") of office portfolios at 100% basis comprising of Taikoo Place and Pacific Place in Hong Kong and Taikoo Hui Guangzhou.
7 Compared to the 2019 baseline.
8 Compared to the 2018 baseline.
9 Compared to baseline year 2016-2018.
10 The 2025 KPIs under Energy have been updated per our approved 1.5°C-aligned SBT. Energy Use Intensity has been renamed to "Electricity Use Intensity" in 2022 to reflect the use of electricity for the provision of shared services for and in the common parts of our buildings. The actual scope of this KPI remains unchanged.
11 Hong Kong portfolio and Chinese Mainland portfolio refer to our office and retail portfolios and hotels in Hong Kong and the Chinese Mainland respectively.
12 Joint venture projects and trading properties are excluded.
13 Disclaimer: www.swireproperties.com/sd/awards/mscidisclaimer.html

PERFORMANCE (ENVIRONMENT)

We aim to continue to design, construct and manage high quality developments that contribute positively to the communities in which we operate and the environment.

Climate Change

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2025 KPI	2022 Progress
Absolute GHG emissions (Scope 1 and Scope 2):	
↓25%[7]	↓28%

2030 KPI	2022 Progress
Value chain GHG emissions (Scope 3 – Downstream Leased Assets):	
↓28% per square metre[8]	↓40%
Value chain GHG emissions (Scope 3 – Capital Goods):	
↓25% per square metre[9]	↓17%

Energy

2025 KPI	2022 Progress
Reduction of electricity use intensity[10]	
Hong Kong Portfolio[11]	Hong Kong Portfolio[11]
↓20%[7]	↓15%
Chinese Mainland Portfolio[11]	Chinese Mainland Portfolio[11]
↓13%[7]	↓9%

Resource and Circularity

2025 KPI	2022 Progress
Commercial waste diversion rate	
Hong Kong Portfolio[11]	Hong Kong Portfolio[11]
30%	25%
Chinese Mainland Portfolio[11]	Chinese Mainland Portfolio[11]
40%	45%

Building/Asset Investment

2025 KPI	2022 Progress
100% of wholly-owned[12] new development projects to achieve the highest environmental building assessment scheme rating	100% of new development projects[12] achieved the highest ratings 93% of wholly-owned existing developments[12] achieved the highest ratings

PERFORMANCE (ECONOMIC)

We aim to deliver sustainable economic performance coupled with good corporate governance and high ethical standards.

Financial Performance

HK$8,706 million in underlying profit attributable to shareholders

Green Financing

2025 KPI	2022 Progress
Achieve a minimum of 50% of bond and loan facilities from green financing	~60% of current bond and loan facilities are from green financing

Corporate Governance

2025 KPI	2022 Progress
Maintain no less than 30% of female representation on our Board	31% of our Board positions are held by female members

Disclosure and Communications

Published our fifth set of **climate-related financial disclosures** as per TCFD recommendations

SD information is disclosed in accordance with the requirements of major global sustainability benchmarks

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Ranked 4th globally and No. 1 in Asia, Member of the World Index – 6th consecutive year

GRESB

Global Sector Leader – 6th consecutive year

Hang Seng Corporate Sustainability Index Series Member 2022-2023
AAA

Ranked No. 1 for 5th consecutive year, "AAA" rating

MSCI ESG RATINGS AAA[13]

"AAA" rating

Top 10%
S&P Global ESG Score 2022

FTSE4Good

FINANCIAL HIGHLIGHTS

Results For the year	Note	2022 HK$M	2021[e] HK$M Restated	Change
Revenue		13,826	16,318	-15%
Profit attributable to the Company's shareholders				
Underlying	(a), (b)	8,706	9,532	-9%
Recurring underlying	(b)	7,176	7,143	0%
Reported		7,980	7,112	+12%
Cash generated from operations		6,332	7,028	-10%
Net cash (outflow)/inflow before financing		(3,243)	1,849	N/A
		HK$	HK$	
Earnings per share				
Underlying	(c), (d)	1.49	1.63	-9%
Recurring underlying	(c), (d)	1.23	1.22	0%
Reported	(c), (d)	1.36	1.22	+12%
Dividend per share				
First interim		0.32	0.31	+3%
Second interim		0.68	0.64	+6%
Financial Position **At 31st December**		HK$M	HK$M	
Total equity (including non-controlling interests)		292,258	293,610	0%
Net debt		18,947	10,334	+83%
Gearing ratio	(a)	6.5%	3.5%	+3%pt.
		HK$	HK$	
Equity attributable to the Company's shareholders per share	(a)	49.44	49.85	-1%

Notes:

(a) Refer to glossary on page 215 for definition.

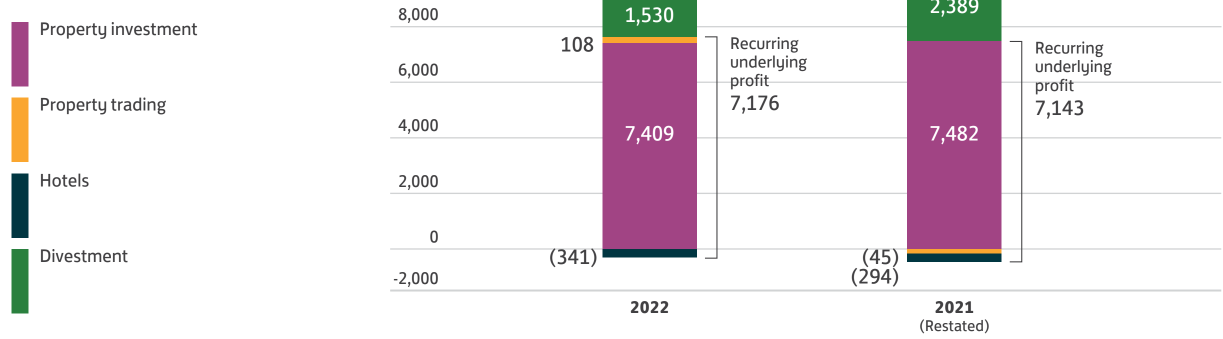
(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 33.

(c) Refer to note 14 to the financial statements for the weighted average number of shares.

(d) The percentage change is the same as the corresponding percentage change in profit attributable to the Company's shareholders.

(e) Following a change in accounting policy resulting from the agenda decision approved by the IFRS Interpretation Committee on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)", the 2021 comparative figures have been restated. In this connection, revenue for the year ended 31st December 2021 has been increased by HK$427 million while underlying and reported profit has each been reduced by HK$9 million. Reported equity as at 31st December 2021 has been reduced by HK$548 million. Refer to note 1(c) to the financial statements for further details.

UNDERLYING PROFIT/(LOSSES) BY SEGMENT

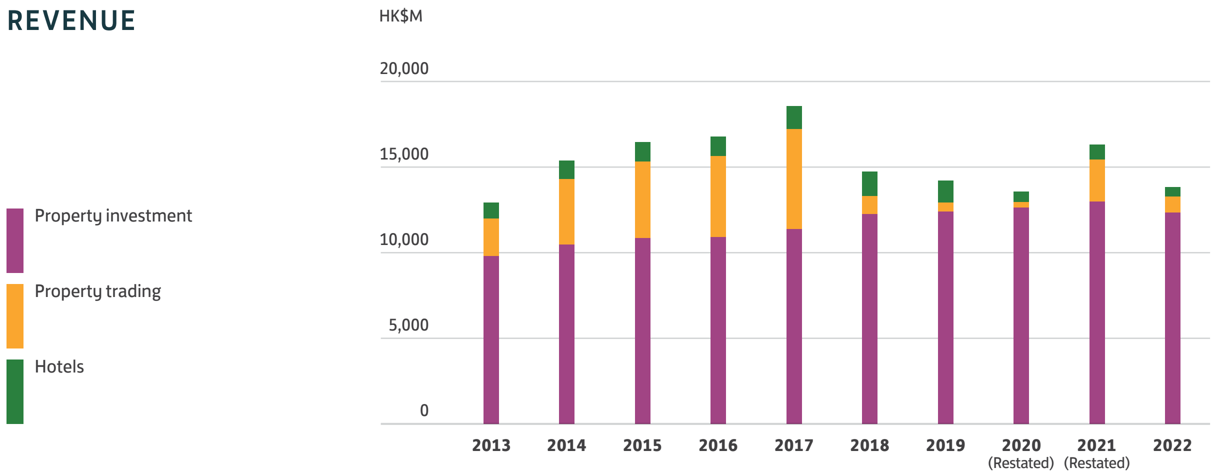


TEN-YEAR FINANCIAL SUMMARY

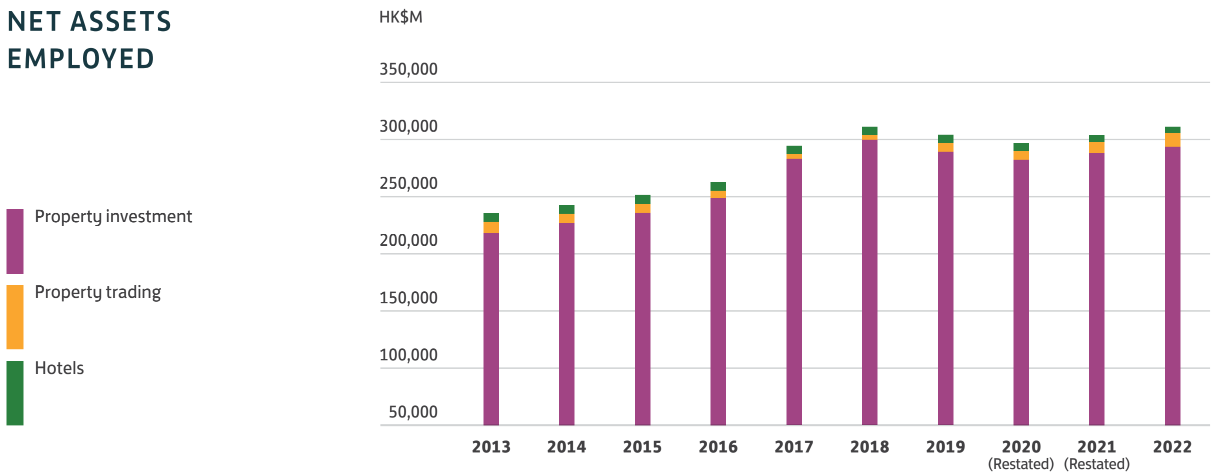
	2013 HK$M	2014 HK$M	2015 HK$M	2016 HK$M	2017 HK$M	2018 HK$M	2019 HK$M	2020 HK$M Restated	2021 HK$M Restated	**2022 HK$M**
STATEMENT OF PROFIT OR LOSS										
Revenue										
Property investment	9,786	10,456	10,857	10,902	11,380	12,254	12,410	12,635	12,981	**12,340**
Property trading	2,207	3,842	4,463	4,760	5,833	1,061	516	312	2,443	**921**
Hotels	942	1,089	1,127	1,130	1,345	1,404	1,296	641	894	**565**
	12,935	15,387	16,447	16,792	18,558	14,719	14,222	13,588	16,318	**13,826**
Profit Attributable to the Company's Shareholders										
Property investment	5,426	6,029	6,231	5,938	6,671	8,732	10,061	8,839	8,654	**8,025**
Property trading	720	1,020	1,089	1,199	1,111	99	(18)	(87)	601	**171**
Hotels	(46)	30	(303)	(117)	(43)	(41)	(70)	(524)	(307)	**(341)**
Change in fair value of investment properties	6,425	2,437	7,055	8,030	26,218	19,876	3,450	(4,645)	(1,836)	**125**
	12,525	9,516	14,072	15,050	33,957	28,666	13,423	3,583	7,112	**7,980**
Dividends for the year	3,510	3,861	4,154	4,154	4,505	4,914	5,148	5,324	5,558	**5,850**
Retained profit	9,015	5,655	9,918	10,896	29,452	23,752	8,275	(1,741)	1,554	**2,130**
STATEMENT OF FINANCIAL POSITION										
Net Assets Employed										
Property investment	218,556	226,607	235,917	248,466	283,045	299,659	289,185	282,257	288,246	**293,752**
Property trading	9,408	8,210	7,452	6,616	3,942	4,143	7,789	7,249	9,637	**11,612**
Hotels	7,200	7,801	7,928	7,520	7,738	7,394	7,229	7,243	6,061	**5,841**
	235,164	242,618	251,297	262,602	294,725	311,196	304,203	296,749	303,944	**311,205**
Financed by										
Equity attributable to the Company's shareholders	202,350	207,691	216,247	225,369	257,381	279,275	286,927	288,216	291,624	**289,211**
Non-controlling interests	800	856	1,702	1,856	1,997	2,016	1,984	1,928	1,986	**3,047**
Net debt	32,014	34,071	33,348	35,377	35,347	29,905	15,292	6,605	10,334	**18,947**
	235,164	242,618	251,297	262,602	294,725	311,196	304,203	296,749	303,944	**311,205**
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	**HK$**
Earnings per share	2.14	1.63	2.41	2.57	5.80	4.90	2.29	0.61	1.22	**1.36**
Dividends per share	0.60	0.66	0.71	0.71	0.77	0.84	0.88	0.91	0.95	**1.00**
Equity attributable to shareholders per share	34.59	35.50	36.97	38.52	44.00	47.74	49.05	49.27	49.85	**49.44**
RATIOS										
Return on average equity attributable to the Company's shareholders	6.3%	4.6%	6.6%	6.8%	14.1%	10.7%	4.7%	1.2%	2.5%	**2.7%**
Gearing ratio	15.8%	16.3%	15.3%	15.6%	13.6%	10.6%	5.3%	2.3%	3.5%	**6.5%**
Interest cover – times	10.02	8.96	13.56	15.48	38.81	33.29	28.85	12.93	20.78	**48.26**
Dividend payout ratio	28.0%	40.6%	29.5%	27.6%	13.3%	17.1%	38.4%	148.6%	78.1%	**73.3%**
UNDERLYING										
Profit (HK$M)	6,348	7,152	7,078	7,112	7,834	10,148	24,130	12,166	9,532	**8,706**
Return on average equity attributable to the Company's shareholders	3.2%	3.5%	3.3%	3.2%	3.2%	3.8%	8.5%	4.2%	3.3%	**3.0%**
Earnings per share (HK$)	1.09	1.22	1.21	1.22	1.34	1.73	4.12	2.08	1.63	**1.49**
Interest cover – times	6.43	7.58	7.75	8.89	10.68	12.58	48.16	32.10	32.96	**74.74**
Dividend payout ratio	55.3%	54.0%	58.7%	58.4%	57.5%	48.4%	21.3%	43.8%	58.3%	**67.2%**

Notes:
1. The information for all years is shown in accordance with the Group's current accounting policies and disclosure practices. Consequently figures for years prior to 2022 may be different from those originally presented.
2. The equity attributable to the Company's shareholders and the returns by segment for 2022 and 2021 are shown in the Financial Review – Investment Appraisal and Performance Review on page 80.
3. Underlying profit is discussed on pages 33 to 35.
4. Refer to Glossary on page 215 for definitions and ratios.

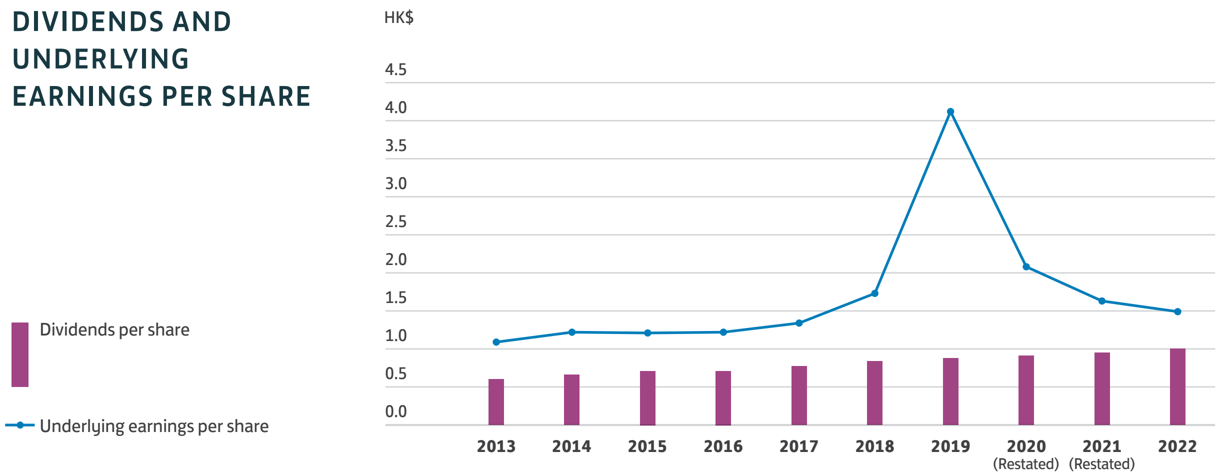
REVENUE



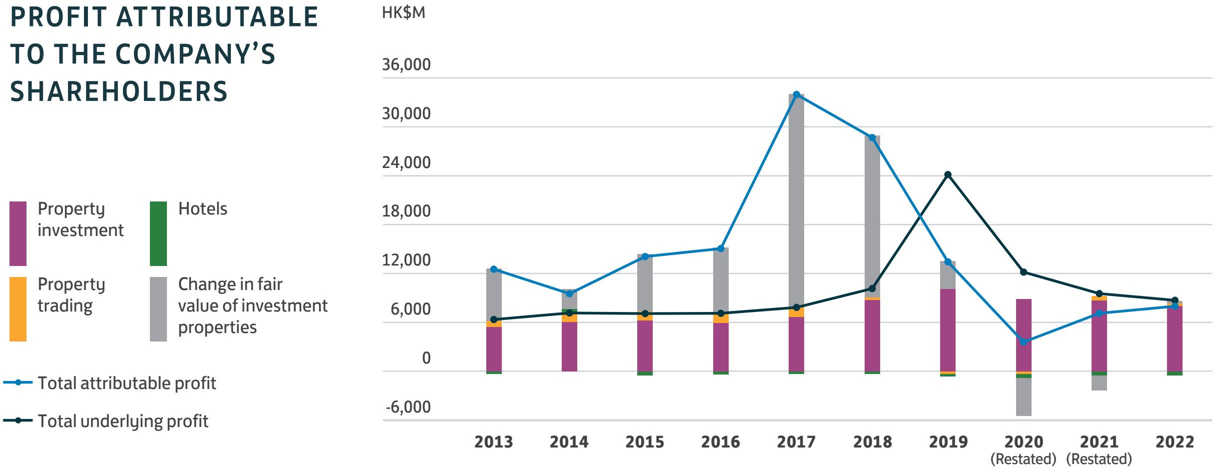
NET ASSETS EMPLOYED



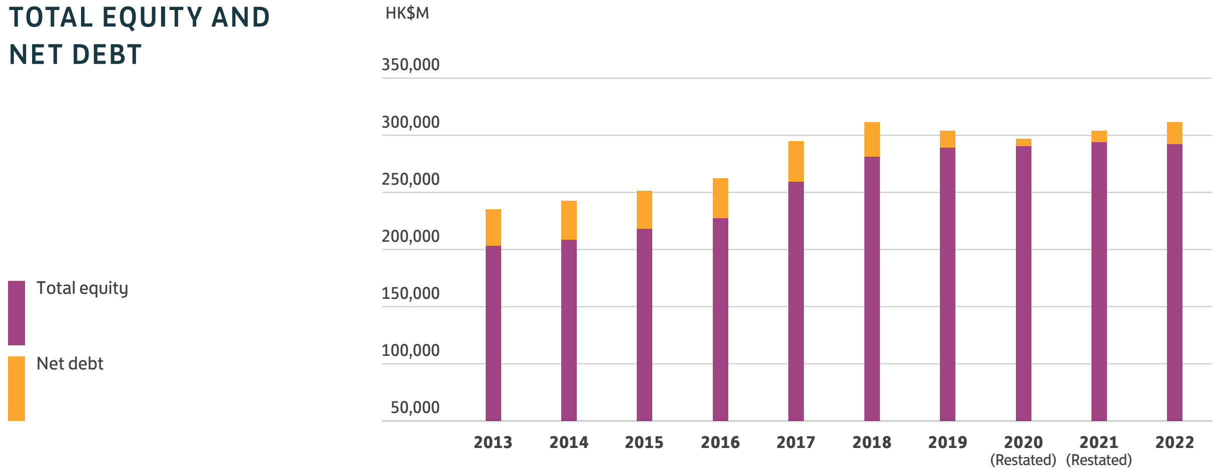
DIVIDENDS AND UNDERLYING EARNINGS PER SHARE



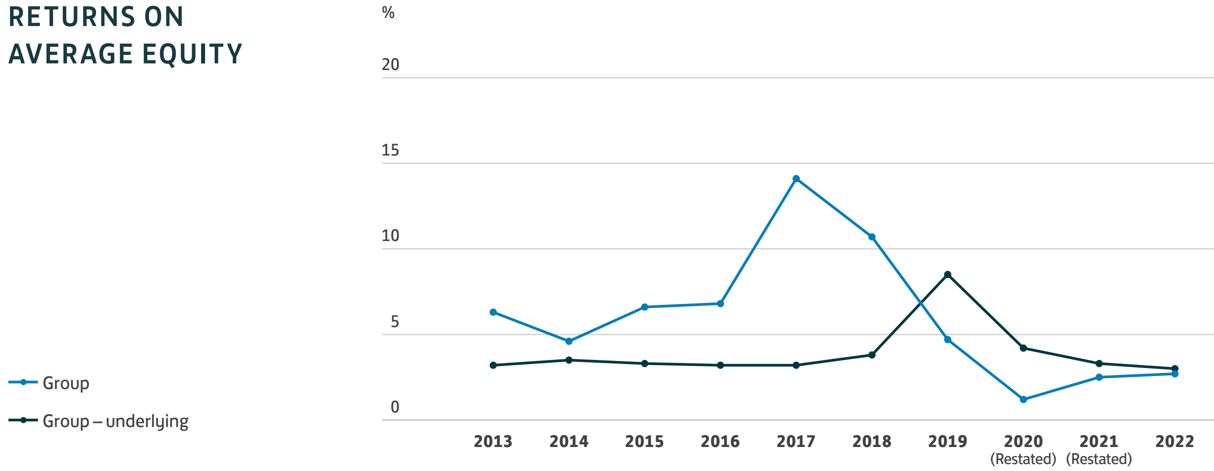
PROFIT ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS



TOTAL EQUITY AND NET DEBT



RETURNS ON AVERAGE EQUITY



The reopening of Hong Kong and the Chinese Mainland signals the beginning of a new post-pandemic era for our business, and we remain optimistic for a recovery across our key markets, and are ready to capture new opportunities as they arise.

Dear shareholders,

2022 was a milestone year for our business. We made significant progress with our HK$100 billion investment pipeline, whilst celebrating 50 years of originality and creativity since Swire Properties' inception in 1972.

We continued to face operational challenges due to the pandemic, in particular during the first half of the year. However, our financial strength and our commitment to operational excellence ensured that we delivered a stable performance across our business.

The full reopening of the border with the Chinese Mainland and the relaxation of pandemic control measures is a welcome development for Hong Kong, as the city returns to normalcy. Hong Kong is our home, and we are determined to contribute to Hong Kong's resurgence, and to further reinforce the city's unique position as a global financial centre and a super connector to the Greater Bay Area.

In the Chinese Mainland, thanks to the national success of our two retail-led brands – Taikoo Li and Taikoo Hui – we have announced several major new investments. As China's economy continues to grow, we will continue to refine our approach to transformational placemaking in all the cities in which we operate.

Our 50th anniversary celebrations in 2022 were a timely reminder of how far we have come as a company since our early beginnings with the Taikoo Sugar Refinery and Taikoo Dockyard. I was immensely proud to celebrate our achievements with our teams, partners and the wider community. This milestone year was made all the more important as it marked the 25th anniversary of the establishment of the Hong Kong Special Administrative Region. Looking ahead, we are looking forward to pursuing our growth strategy in our home city and in our core markets in the Chinese Mainland and South East Asia.

Profits and Sustained Dividend Growth

Our reported profit attributable to shareholders in 2022 was HK$7,980 million, compared with HK$7,112 million in 2021.

Underlying profit attributable to shareholders decreased by HK$826 million from HK$9,532 million in 2021 to HK$8,706 million in 2022, primarily due to the reduction in profit from the sale of car parking spaces at our Taikoo Shing residential development in Hong Kong. Our recurring underlying profit for the year was HK$7,176 million, compared with HK$7,143 million in 2021.

We declared a second interim dividend for 2022 of HK$0.68 per share. This, together with the first interim dividend of HK$0.32 per share paid in October 2022, amounts to a full year dividend of HK$1.00 per share, representing a 5% increase over the dividends for 2021. The second interim dividend for 2022 will be paid on Thursday, 4th May 2023 to shareholders registered at the close of business on the record date, being Thursday, 6th April 2023. Shares of the Company will be traded ex-dividend from Monday, 3rd April 2023.

Our policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time.

Close to 40% of HK$100 Billion Plan Committed

2022 was a seminal year for the Company's growth. Following the announcement of our HK$100 billion investment plan, our teams have made tremendous progress implementing our plan, with 39% now committed to new and ongoing investments in Hong Kong and across our core markets in the Chinese Mainland and South East Asia.

Under the plan, HK$30 billion has been allocated to our portfolios in Hong Kong to further expand Taikoo Place and Pacific Place. We are also keen to continue our growth in the Chinese Mainland, and have earmarked HK$50 billion to double our gross floor area in the region over the next decade, under our recognised Taikoo Li and Taikoo Hui brands.

Despite the challenges of the pandemic, we were able to announce several significant new projects in the Chinese Mainland in 2022, which testifies to our strong confidence in the Chinese market over the long term.

In March 2022, we announced our partnership with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an. This mixed-use development is located at the Small Wild Goose Pagoda historical and cultural zone in Beilin district, and will mark our seventh development and our fourth Taikoo Li in the Chinese Mainland. Hailed as a cradle of Chinese civilisation, we are delighted to have the opportunity to develop a landmark project in this historical city. We are also excited to contribute our placemaking expertise in the urban development of Xi'an.

In October 2022, we announced another retail development project in Sanya. This will introduce more variety to our Chinese Mainland portfolio, as our first project situated in a tropical locale within the region.

Under the Hainan Free Trade Port policy, Sanya has rapidly become one of the most sought-after travel destinations in the Chinese Mainland. With the launch of our first premium resort-style complex, we will be well-placed to tap into this growing demand.

The Greater Bay Area remains a key focus, given its strategic role in the economic development of the nation. We are continuing to explore opportunities to develop a commercial landmark in the Julong Wan Area, set within a location on the riverfront in Liwan district, Guangzhou.

We have been actively seeking investment opportunities in Shenzhen, due to its increasing consumption power as a tier-one commercial and technology centre. We see opportunities to introduce our Taikoo Hui and Taikoo Li brands to the market, and were pleased to sign a Strategic Framework Cooperation Agreement with the Futian district government in July 2022. We intend to develop a retail-led commercial project in Futian, which has highly attractive prospects as the core business area of Shenzhen.

We also made exciting headway in 2022 with the announcement of a new luxury hotel under The House Collective brand, which will be centrally located in the Nanshan district of Shenzhen. This new hotel venture followed closely on the heels of our announcement in July of a new "House" hotel in Shibuya, Tokyo. Together, these hotel projects form part of our overall development plan for our hotel business, to ramp up the expansion of The House Collective and EAST Hotel brands across Asia Pacific. We have the appetite to continue to invest, but prefer an asset-light approach, utilising a management-contract model to expand into new cities.

In December 2022, we announced the acquisition of the remaining 50% interest of Sino-Ocean Taikoo Li Chengdu from our joint venture partner Sino-Ocean group. All three phases of the acquisition were completed by February 2023. This industry-leading development has become a top destination in the country and a source of local pride, and we see this acquisition as an important milestone in our regional growth story.

Investing in our Commercial Portfolios

Our commitment to our home city is as strong as ever. With approximately one third of our HK$100 billion set aside to reinforce our flagship portfolios in Hong Kong, we hope to support the long-term competitiveness of the city as an international financial centre.

Following the launch of Two Taikoo Place, we are nearing completion of the current phase of our Taikoo Place redevelopment. This HK$15 billion project has been instrumental in transforming Taikoo Place into a global business district, which has become the gold standard for well-connected, holistically planned commercial space, with diverse amenities and cutting-edge ESG credentials. With these strong fundamentals, our office portfolio remains resilient in a weak office market, and we are in a prime position to benefit from the prevailing flight-to-quality trend.

As part of our masterplan for Taikoo Place, we obtained full ownership of the Zung Fu Industrial Building in March 2022. Subject to Swire Properties having successfully bid in the compulsory sale of the adjacent Wah Ha Factory Building, we intend to redevelop the two sites for office and commercial use, which will grow our presence in the district with an additional 779,000 square feet of gross floor area. In addition, we submitted a compulsory sale application for a site on Tong Chong Street in June 2022. Subject to a successful bid, the development would form part of our long-term expansion plans for Taikoo Place.

At Pacific Place, we are also making significant progress in the eastward expansion of the office portfolio. Given the increasing importance of Admiralty with its enhanced mass transit connectivity, we intend to continue growing our commercial presence, with Grade A office space characterised by strong sustainability credentials, exceptional connectivity and a sense of community.

In December 2022, we announced that our new office tower at 46-56 Queen's Road East has officially been named "Six Pacific Place". Our office building 28 Hennessy Road, which lies adjacent to Six Pacific Place, will be renamed as "Five Pacific Place", strengthening our flagship brand as a premium office address.

The Hong Kong retail market continued to be impacted by the pandemic and associated travel restrictions in 2022. The relaxation in COVID-19 travel curbs is an important step forward, and we remain confident in the long-term position of Hong Kong as a global tourism and financial centre. Whilst it will take time for the market to fully recover, we expect to see some stability in the near term, and our strong fundamentals will ensure that we can take advantage of the anticipated recovery in 2023.

We remain committed to reinforcing our core assets. In the context of our retail portfolio, we have made good use of the past two years to undertake renovations, and we will continue to focus on expanding and elevating our tenant mix, introducing innovative retail concepts to our malls, and launching immersive customer engagement initiatives. Our loyalty programmes and newly refurbished VIP lounges have been well-received, and we are also exploring crossover opportunities between some of our malls in Hong Kong and the Chinese Mainland to further enhance our customer experience.

Trading Portfolio and Venturing into New Markets

We have allocated HK$20 billion to residential trading, with an aim to expand in our core market of Hong Kong, and explore new markets in the Chinese Mainland and South East Asia. Our teams have been making excellent progress in building out our trading pipeline. In Hong Kong alone, we have three major projects in development.

We were delighted to win the bid for 269 Queen's Road East, which will further strengthen and diversify our greater Pacific Place portfolio. In addition, the launch of EIGHT STAR STREET in 2022 received keen market attention and has enjoyed a strong sales performance to date.

In the Chinese Mainland, we plan to develop a boutique luxury project in our upcoming Taikoo Li Xi'an development. This is an exciting opportunity for our residential brand, and we are keen to explore the regional market for further opportunities.

We also remain opportunistic regarding expansion opportunities in South East Asia, with the aim of building our presence in four core cities – Singapore, Bangkok, Jakarta and Ho Chi Minh City. We have been making steady progress, with two projects currently in sale and development in Ho Chi Minh City, and a luxury residential project launched for sale in Jakarta. In February 2023, we were delighted to announce our first investment in Bangkok, with a 40% acquisition of a rare freehold plot in the city's core central business district. We are excited to work with our local partners to develop a unique luxury residence in the Thai capital. Looking ahead, we will continue to seek out prime opportunities for future investment in these markets.

A New Era in ESG Leadership

The implementation of our SD 2030 Strategy in 2016 has seen us advance rapidly to become a sustainability leader – ranking number one in Asia, and four in the world amongst our peers under the Dow Jones Sustainability World Index. I will leave it to Tim to touch on the specifics, but increasing our climate resilience remains of paramount importance, and we are committed to our ambitious 1.5°C-aligned science-based targets and our transition to net-zero. As we continue to set the bar higher, the goal becomes harder to achieve; I am grateful to our teams for their support as they continue to push the envelope to advance our SD agenda.

I would also like to take this opportunity to thank a group of young people who made an indelible contribution to Swire Properties this year. When we speak of sustainable development, we must think about the next generation of talent. Our 50th anniversary celebrations offered an exceptional opportunity to collaborate with talented young people on a host of special events, including the White Christmas Street Fair and the Hong Kong Palace Museum's Bi-city Youth Cultural Leadership Programme. We look forward to continuing these partnerships in the years to come, and to offering a platform to empower our youth and nurture their role as future leaders in Hong Kong.

Conclusion

As we close the final chapter of a very memorable 2022, I would like to thank our shareholders, partners, and the wider community for your support over the past five decades.

Under our HK$100 billion investment and strategic plan, we are well-positioned to pursue new opportunities to grow our business over the next decade. The reopening of Hong Kong and the Chinese Mainland signals the beginning of a new post-pandemic era for our business, and we remain optimistic for a recovery across our key markets, and are ready to capture new opportunities as they arise.

I would also like to express my gratitude to the team at Swire Properties for their dedication over the past year in the face of many challenges. Our 50th anniversary was a great year of celebrations with our community, and I commend our team for their creativity and passion in hosting such a fantastic calendar of events to mark this important milestone in our proud history.

Guy Bradley
Chairman
Hong Kong, 9th March 2023

CHIEF EXECUTIVE'S STATEMENT

Overall, we delivered a steady performance in 2022. We have made encouraging progress implementing our ambitious HK$100 billion investment plan to expand our portfolios in core markets in Hong Kong, the Chinese Mainland and South East Asia.

Dear shareholders,

As we move forward into a post-COVID-19 era, we remain focused on investing in our growth and building on the future of our business. While we experienced our share of setbacks in 2022 due to the challenging operating environment, we were well prepared to respond effectively to the gradual recovery in the latter half of 2022.

Overall, we delivered a steady performance in 2022. We have made encouraging progress implementing our ambitious HK$100 billion investment plan to expand our portfolios in core markets in Hong Kong, the Chinese Mainland and South East Asia.

2022 was a special year for Swire Properties as we celebrated our 50th anniversary with colleagues, customers, tenants and the wider community through a diverse and colourful programme of events. Throughout the year, our colleagues have demonstrated leadership, resilience and creativity, both in their response to the challenges of the pandemic and to the fantastic events which have been held all around the world to mark this anniversary milestone.

The easing of COVID-19 restrictions in Hong Kong and the Chinese Mainland marks a key turning point for the economic recovery across our core markets. Undoubtedly challenges still lie ahead but we remain confident in our core markets in Hong Kong and the Chinese Mainland. We will continue to grow our pipeline of new projects based on our HK$100 billion investment plan, promote leadership in sustainability and accelerate our digital transformation strategy.

2022 Financial Results at a Glance

Our underlying profit decreased by HK$826 million from HK$9,532 million in 2021 to HK$8,706 million in 2022, which mainly reflected the decrease in profit from the sale of car parking spaces in Hong Kong. Recurring underlying profit was HK$7,176 million in 2022, compared with HK$7,143 million in 2021.

Our recurring underlying profit from property investment decreased in 2022, due primarily to lower office rental income from Hong Kong and lower retail rental income from the Chinese Mainland.

In Hong Kong, we operated in a weaker office market due to new supply and economic uncertainty. However, our office portfolio remained resilient with solid occupancy rates.

The retail market in Hong Kong experienced severe disruption in the early part of the year, due to the fifth COVID-19 wave, related social distancing measures and mandatory closures. Despite this challenging start, we saw a recovery in footfall and tenants' sales from the second quarter of 2022 onwards, following the gradual relaxation of restrictions and the introduction of the HKSAR Government's consumption voucher scheme. Rental concessions were given to tenants for specific periods on a case-by-case basis. Our malls remained almost fully let throughout the year.

Retail sales in the Chinese Mainland started strongly in 2022, with a full year contribution from our new Taikoo Li Sanlitun West and Taikoo Li Qiantan developments. From the second quarter, our six shopping malls were affected to varying degrees by the pandemic and ensuing city-wide closures, particularly in Shanghai and Beijing. As a result, retail sales (excluding Taikoo Li Sanlitun West and Taikoo Li Qiantan) decreased by 20% on an attributable basis. Our office portfolio in the Chinese Mainland proved resilient despite COVID-19 related controls in the cities in which we operate.

Underlying profit from property trading in 2022 reflected the completion of sales of 27 units at our EIGHT STAR STREET residence in Hong Kong and the share of profits from sales at The River project in Ho Chi Minh City, Vietnam. Our hotel business in Hong Kong and the Chinese Mainland was adversely affected by COVID-19 and its associated travel restrictions.

Our Future Prospects

The office market in Hong Kong is expected to remain weak in 2023, reflecting increased vacancy rates, new supply and global economic uncertainty. We also anticipate that competition from Central and Kowloon East will exert downward pressure on rents. However, our office portfolio remains resilient in a weakened market, due to a well-managed profile and solid occupancy rates. Taikoo Place in particular, is benefiting from the flight-to-quality, with prospective tenants placing a higher value on sustainability and wellness.

Under our HK$100 billion investment plan we are continuing to expand our Taikoo Place and Pacific Place portfolios, offering unmatched, triple-Grade A office space alongside top-tier amenities, and supported by strong ESG credentials. Amidst strong competition, these are the placemaking attributes which represent the future of the workplace.

Our newest office tower, Two Taikoo Place, obtained its occupation permit in September 2022, and we have been making good progress with the leasing campaign despite market conditions, with a pre-leasing commitment of over 56%, demonstrating the resilience of our office portfolio. In addition to Swiss wealth management group Julius Baer, which earlier confirmed that it will take up four floors spanning close to 100,000 square feet, more companies have committed to moving into Two Taikoo Place. These include Sumitomo Mitsui Banking Corporation, Japan's leading bank, which will lease two floors spanning 45,000 square feet, and the Accounting and Financial Reporting Council, which confirmed plans to take up close to 35,000 square feet at Two Taikoo Place. Some of the committed tenants will relocate from Central, reinforcing the current and continuing decentralisation trend and Taikoo Place's rising status as a Global Business District.

A "New Central" is forming around the Admiralty area, and we are well positioned to take advantage of this with our diversified office and retail developments and by reinforcing our greater Pacific Place offering. In 2022 we announced our newest Grade A office tower, Six Pacific Place, and the renaming of 28 Hennessy Road as Five Pacific Place. We also achieved another milestone with our successful bid for a residential site at 269 Queen's Road East in Wan Chai, a prime location which will support the eastward expansion of our greater Pacific Place portfolio.

As Hong Kong reconnects to the world and closer financial integration with the Chinese Mainland is realised, we expect to see continued improvement in the financial markets. Hong Kong's strategic role as an international financial centre will be strengthened in the long run. We remain confident in the long-term prospects for the Hong Kong office market, and we anticipate an increase in demand for Grade-A office space, particularly from financial institutions and professional services firms in the medium term. Under our current masterplan for our core portfolios, we are well-placed to benefit from a positive shift in market sentiment, as well as current trends shaping the future of work.

We are very pleased with the relaxation in Hong Kong's travel policy which will provide a welcome boost to Hong Kong's retail sector in due course. Despite a difficult 2022, we anticipate that footfall and retail sales will gradually improve across our Hong Kong malls in 2023. In the meantime, we will strengthen and refine our trade mix and upgrade the amenities in our malls. We will also continue to invest heavily in our loyalty programmes to engage our growing membership base.

The Chinese Mainland is now a major contributor to our revenue growth. Under our investment strategy, we aim to double our gross floor area in the region over the next decade, investing HK$50 billion to grow our retail-led Taikoo Li and Taikoo Hui brands in Tier 1 and emerging Tier 1 cities. The reopening of the border will have a positive impact on our business and we expect to see moderate to strong demand from retailers.

We are looking to increase the scale of our investments in the Chinese Mainland. Taikoo Li Xi'an will be our next major landmark, alongside our new retail-led project in Sanya. We also remain focused on expanding our presence in the Greater Bay Area and we have been making encouraging progress in Guangzhou and Shenzhen.

Our acquisition of the remaining 50% equity interest of Sino-Ocean Taikoo Li Chengdu will contribute to our growth plan, whilst the recent opening of ZHANGYUAN West Zone in Shanghai, which is jointly operated and managed by Swire Properties and our local government partner, has reinforced Swire Properties' reputation for urban regeneration, historical preservation and innovative retail concepts.

On the residential front, we are making steady headway with the expansion of our property trading portfolio. We are keen to build on our premium residential brand, and currently have an ambitious trading pipeline of six projects under development in Hong Kong and South East Asia, including our newly announced luxury residential project in Bangkok, Thailand, with a residential component also being planned for our new Taikoo Li Xi'an development. With HK$20 billion designated for strategic investment in our trading pipeline, we have the appetite to do more. Currently we have teams across the region who are actively looking for the right partners and suitable sites for further investment opportunities.

In 2022 we made the strategic decision to expand our hotel business through third-party management agreements. We will open two new third party-owned House Collective hotels in two new cities – in Nanshan district in Shenzhen and Shibuya in Tokyo. This is part of our wider development strategy in the Greater Bay Area and highlights The House Collective's brand recognition as a premium hotel name in the Asia Pacific region.

Charting a Sustainable Future

We continued to demonstrate leadership in sustainability in 2022, reaching numerous milestones throughout the year which were recognised internationally. Swire Properties advanced from 7th to 4th position in the Dow Jones Sustainability World Index 2022, in addition to retaining the Global Sector Leader title (Mixed-use sector) in the 2022 Global Real Estate Sustainability Benchmark for the sixth consecutive year.

As we continue to work towards achieving our 1.5°C-aligned science-based targets, it is crucial that we work closely with our partners to advance our greater goals. To that end, we introduced our proprietary Green Performance Pledge (GPP), which provides our office tenants with the tools and technology to enhance their overall ESG performance within our office portfolios.

Since the launch of the GPP pilot between August 2021 and December 2022, 52 office tenants – representing 37.9% of occupied lettable floor area from the Company's Hong Kong office portfolio (over 2.5 million square feet) – have signed up which is a very encouraging result for our innovative new tenant engagement platform. We have begun piloting the programme in our Chinese Mainland portfolio and aim to engage 50% of our tenant base in Hong Kong and the Chinese Mainland by 2025.

We are adopting various approaches to transformational placemaking, including "smart" placemaking, to ensure that we are designing buildings for the future. We have been making a significant and ongoing investment in our office portfolio to create best-in-class buildings which can deliver a fully integrated user experience and excellent digital connectivity. Our efforts were recognised in 2022 with Two Taikoo Place and Six Pacific Place becoming the first buildings in Hong Kong to be WiredScore and SmartScore certified, both achieving the highest Platinum certification level. Taikoo Place and Pacific Place were also confirmed as the first WiredScore-certified portfolios in Hong Kong, reinforcing our status as a leader in designing the most innovative and smart buildings in the industry.

We will continue to accelerate the process of digital transformation with a team dedicated to identifying and promoting the adoption of emerging technologies for our portfolios. Additionally, New Ventures is responsible for a US$50 million corporate venture capital fund to source and invest in emerging technologies globally, ensuring that we stay ahead of the curve while gaining valuable insights to accelerate growth.

50th Anniversary Celebrations in 2022

Our 50th anniversary year gave us the opportunity to celebrate with our people, our partners and our communities. The anniversary campaign, which was rolled out over the year under the tagline "ORIGINAL. ALWAYS.", paid tribute to the innovative mindset which has shaped the Company's success over the past five decades.

As part of the festivities we launched a range of immersive art and cultural experiences for our local communities, featuring partnerships with renowned international and local artists. This included the continuation of our 10-year collaboration with Art Basel Hong Kong and the inaugural Asian tour of the critically-acclaimed exhibition "Bags: Inside Out" with the Victoria & Albert Museum, across our retail portfolios in Hong Kong and the Chinese Mainland. In the spirit of innovation, we also collaborated with a selection of ten artists to create the exclusive 50th Anniversary Art NFT Collection, which was made available as free art drops.

This unique approach also saw us commission a botanical art series in Taikoo Place, named "Seasons in Continuum". These stunning floral installations told our story over the past five decades, whilst highlighting our ethos of improving public spaces and making art accessible to all.

One of the defining features of our success over the years has been the close ties we have built with our local communities. As a developer deeply rooted in Hong Kong, we know that the younger generation is the key to the city's future. Over the years Swire Properties has launched numerous programmes to provide opportunities for young people to learn from the best in our industry, and to give them a platform to showcase their talents in the areas of entrepreneurship and innovation.

In November, we were proud to be the Lead Sponsor for the "Bi-city Youth Cultural Leadership Programme", led by The Hong Kong Palace Museum. The Programme aims to inspire young people and to develop them into the next generation of cultural leaders in Beijing and Hong Kong. In the first year of the programme, our senior management team shared their expertise in the areas of transformational placemaking and arts and culture. We are planning for the second year of the programme and intend to offer students experiential learning opportunities across our property portfolios.

One of our most enduring youth empowerment initiatives has been the Swire Properties Placemaking Academy (SPPA), now in its fourth year. Our 2022 cohort took the lead in designing the anniversary edition of our White Christmas Street Fair, receiving guidance, mentorship and resources within and from outside the Company to create a sustainable and innovative festive celebration for the wider community to enjoy.

As part of our anniversary festivities we also invited 50 students and alumni from the SPPA to participate in the "50A Urban Furniture Project", where they underwent a series of masterclasses to create a state-of-the-art piece of urban furniture. The project resulted in three exceptional designs which will all be showcased at our headquarters in Taikoo Place later this year.

Throughout 2022, our Community Ambassador Programme continued to provide widespread support to our local communities. The programme's signature initiative, "BOOKS FOR LOVE @ HK$10", marked its own 10th anniversary by raising over HK$1 million for charity through its book sales, achieving a record high. The remarkable efforts of our volunteers, which comprise our employees and their families and friends, were also recognised at the inaugural Hong Kong Volunteer Awards. Jointly organised by the Home & Youth Affairs Bureau and the Agency for Volunteer Service, our Community Ambassadors were honoured to receive the Outstanding Volunteer Group Award for their invaluable contributions to Hong Kong.

Conclusion

In 2022, we were proud to celebrate 50 years of successful placemaking and to recognise important partnerships with key stakeholders all around the world. Working together, we are looking forward to implementing our ambitious investment strategy which will shape the Company's progress over the next decade.

We remain fully committed to the future of Hong Kong. We will continue to invest in the development of our portfolios to contribute to Hong Kong's growth and competitiveness as a global financial hub, whilst scaling up our investments in the Chinese Mainland and establishing a long-term presence in South East Asia.

I would like to express my appreciation to our shareholders, our partners and the exceptionally talented team at Swire Properties for your support over the past year and in the future.

Tim Blackburn
Chief Executive
Hong Kong, 9th March 2023

As a leading developer, owner and operator of mixed-use, principally commercial, properties in Hong Kong and the Chinese Mainland, our strategic objective is sustainable growth in shareholder value in the long term. To achieve this objective, we employ five strategies.

1. Create long-term value by conceiving, designing, developing, owning and managing transformational mixed-use and other projects in urban areas

We will continue to design projects which we believe will have the necessary scale, mix of uses and transport links to become key commercial destinations and to transform the areas in which they are situated.

2. Maximise the earnings and value of our completed properties through active asset management and by reinforcing our assets through enhancement, redevelopment and new additions

We manage our completed properties actively (including by optimising the mix of retail tenants and early renewal negotiations with office tenants) and with a view to the long term, to maintain consistently high levels of service and to enhance and reinforce our assets. By doing so, we believe that we will maximise the occupancy and earnings potential of our properties.

Tenants increasingly scrutinise the sustainable development credentials of landlords and buildings. We aim to be at the forefront of sustainable development by designing energy efficient buildings through the innovative use of design, materials and new technology, and by engagement with tenants and others with whom we do business.

3. Develop luxury and high quality residential property activities

We will look to acquire appropriate sites for development of luxury and high quality residential projects for trading and investment in the markets in which we operate.

4. Focus principally on Hong Kong and the Chinese Mainland

In Hong Kong, we will continue to focus on reinforcing our existing investment property assets and on seeking new sites suitable for transformative developments and for residential projects.

We aim to replicate in the Chinese Mainland our success in Hong Kong. We intend to take a measured approach to land purchases in the Chinese Mainland and will focus on developments where we can secure sites through early engagement with local governments who recognise our strengths in developing large-scale mixed-use projects.

We will seek residential development opportunities in the Chinese Mainland. These are likely to be ancillary to our mixed-use developments. However, in the right locations and cities we may also consider standalone residential development opportunities. Our residential developments will be aimed at buyers of luxury and high quality properties, where we believe we have a competitive advantage.

While we will continue to concentrate on Hong Kong and the Chinese Mainland, we intend to expand selectively in South East Asia.

5. Manage our capital base conservatively

We intend to maintain a strong balance sheet with a view to investing in and financing our projects in a disciplined and targeted manner.

We aim to maintain exposure to a range of debt maturities and a range of debt types and lenders. Our current debt profile reflects a mix of revolving and term bank loans and medium term notes.

In implementing the above strategies, the principal risks and uncertainties facing the Group are that the economies in which it operates (in particular Hong Kong and the Chinese Mainland) will not perform as well in the future as they have in the past and the uncertainties as to whether this will happen.

Taikoo Li Qiantan, Shanghai

Management Discussion & Analysis

	2022 HK$M	2021[2] HK$M Restated
Revenue		
Gross Rental Income derived from		
Offices	**6,003**	6,214
Retail	**5,849**	6,191
Residential	**374**	474
Other Revenue [1]	**114**	102
Property Investment	**12,340**	12,981
Property Trading	**921**	2,443
Hotels	**565**	894
Total Revenue	**13,826**	16,318
Operating Profit/(Losses) derived from		
Property investment		
From operations	**7,702**	8,278
Sale of interests in investment properties	**571**	1,185
Valuation gains/(losses) on investment properties	**801**	(1,947)
Property trading	**209**	492
Hotels	**(259)**	(174)
Total Operating Profit	**9,024**	7,834
Share of Post-tax Profit from Joint Venture and Associated Companies	**1,455**	1,786
Profit Attributable to the Company's Shareholders	**7,980**	7,112

(1) Other revenue is mainly estate management fees.

(2) Following a change in accounting policy resulting from the agenda decision approved by the IFRS Interpretation Committee on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)", the 2021 comparative figures have been restated. Refer to note 1(c) to the financial statements for further details.

Additional information is provided in the following section to reconcile reported and underlying profit attributable to the Company's shareholders. These reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the U.S.A., and for other deferred tax provisions in relation to investment properties. In the Chinese Mainland and the U.S.A., the Group's investment properties recorded net property valuation gains of HK$2,503 million and HK$389 million respectively in 2022. In Hong Kong, investment properties recorded net property valuation losses of HK$1,166 million. There is a further adjustment to remove the effect of the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit.

Underlying Profit Reconciliation	Note	2022 HK$M	2021 HK$M Restated
Profit Attributable to the Company's Shareholders per Financial Statements		**7,980**	7,112
Adjustments in respect of investment properties:			
Valuation (gains)/losses in respect of investment properties	*(a)*	**(1,726)**	708
Deferred tax on investment properties	*(b)*	**1,402**	1,027
Valuation gains realised on sale of interests in investment properties	*(c)*	**915**	585
Depreciation of investment properties occupied by the Group	*(d)*	**22**	23
Non-controlling interests' share of valuation movements less deferred tax		**144**	59
Movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	*(e)*	**49**	49
Impairment loss on a hotel held as part of a mixed-use development	*(f)*	**–**	22
Less amortisation of right-of-use assets reported under investment properties	*(g)*	**(80)**	(53)
Underlying Profit Attributable to the Company's Shareholders		**8,706**	9,532
Profit from divestment		**(1,530)**	(2,389)
Recurring Underlying Profit Attributable to the Company's Shareholders		**7,176**	7,143

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the U.S.A., and deferred tax provisions made in respect of investment properties held for the long-term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfers of investment properties within the Group.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

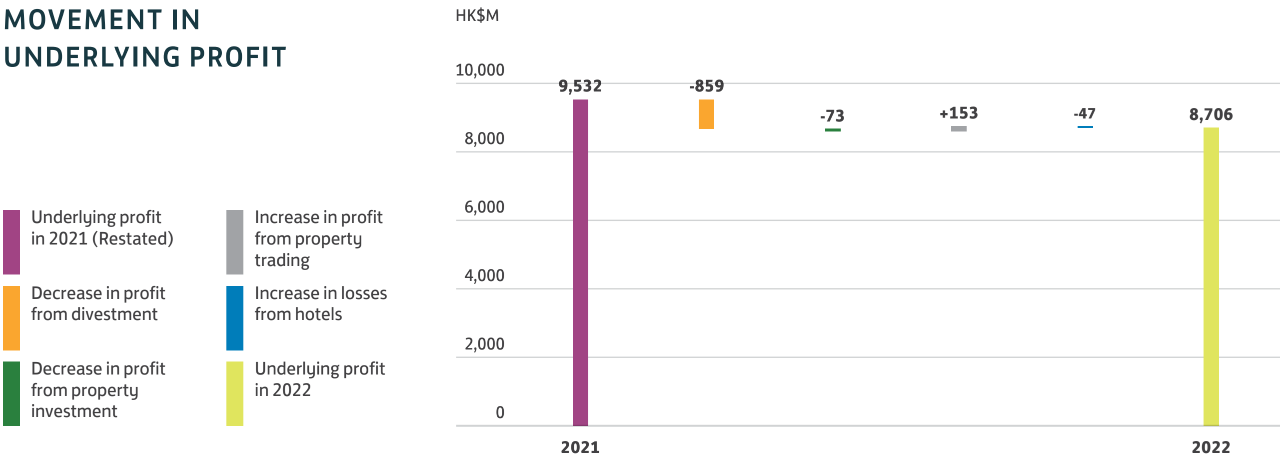
(e) The value of the put option in favour of the owner of a non-controlling interest is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the non-controlling interest is interested.

(f) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.

(g) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit.

Underlying Profit

MOVEMENT IN UNDERLYING PROFIT



Our reported profit attributable to shareholders in 2022 was HK$7,980 million, compared to a profit of HK$7,112 million in 2021.

Underlying profit attributable to shareholders (which principally adjusts for changes in valuation of investment properties) decreased by HK$826 million from HK$9,532 million in 2021 to HK$8,706 million in 2022. The decrease mainly reflected the reduction in profit from the sale of car parking spaces in Hong Kong.

Recurring underlying profit (which excludes the profit from divestments) was HK$7,176 million in 2022, compared with HK$7,143 million in 2021.

Recurring underlying profit from property investment decreased in 2022. This mainly reflected lower office rental income from Hong Kong and lower retail rental income from the Chinese Mainland.

In Hong Kong, despite a weak office market due to the economic uncertainty and increased supply, the office portfolio was generally resilient, with solid occupancy. The retail portfolio was adversely affected by COVID-19 in the early part of the year. Footfall and tenants' sales gradually recovered from the second quarter of 2022, as COVID-19 related social distancing measures were adjusted. The HKSAR Government's consumption voucher scheme also helped.

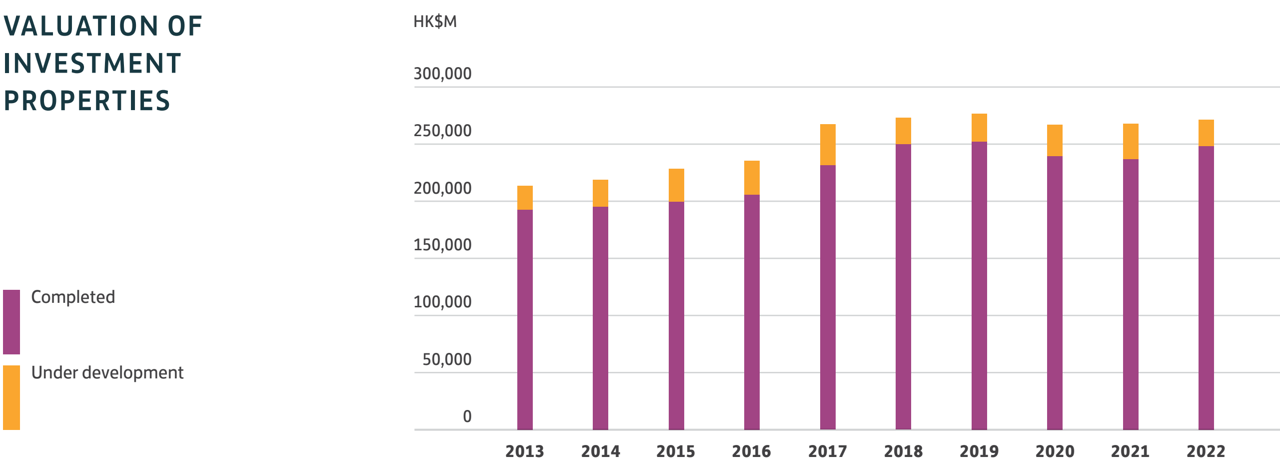
In the Chinese Mainland, the six shopping malls were affected to varying degrees by COVID-19 and related measures from the second quarter of 2022.

In the U.S.A., retail sales and gross rental income were solid.

The underlying profit from property trading in 2022 mainly reflected the completion of sales of 27 units at EIGHT STAR STREET in Hong Kong and the share of profits from sales at The River project in Vietnam.

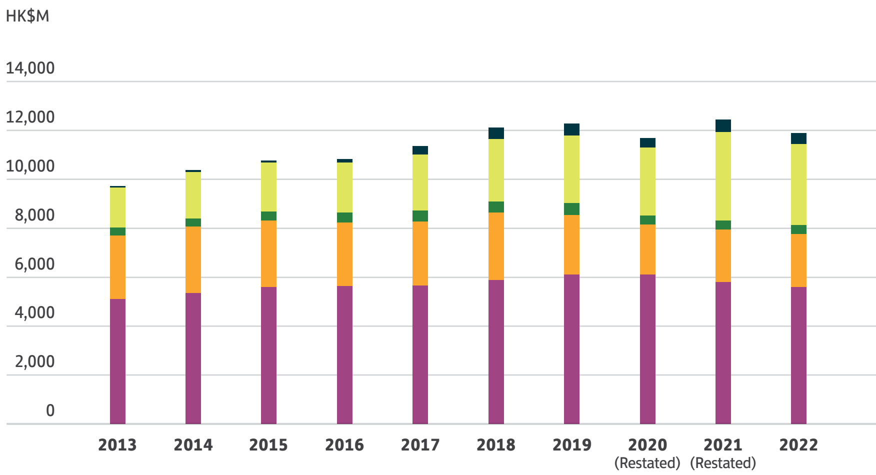
The hotel businesses in Hong Kong and the Chinese Mainland were adversely affected by COVID-19 associated travel restrictions. The hotels in the U.S.A. performed better.

VALUATION OF INVESTMENT PROPERTIES



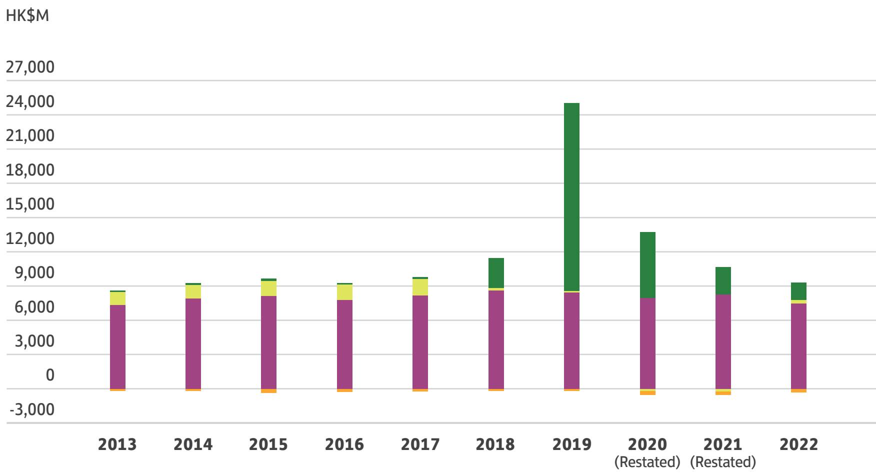
GROSS RENTAL INCOME (AFTER DEDUCTION OF RENTAL CONCESSIONS)

Hong Kong office
Hong Kong retail
Hong Kong residential
Chinese Mainland
U.S.A. and elsewhere



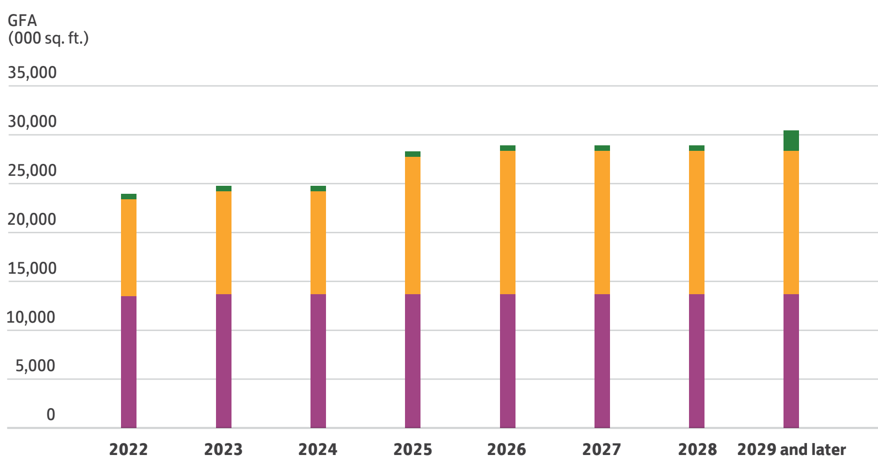
UNDERLYING OPERATING PROFIT

Property investment
Property trading
Hotels
Divestment

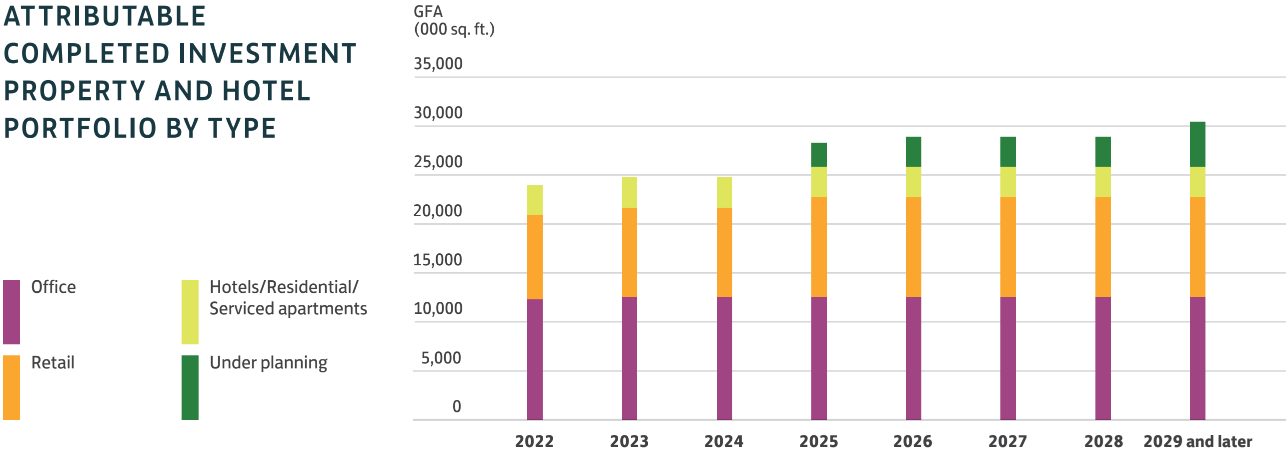


ATTRIBUTABLE COMPLETED INVESTMENT PROPERTY AND HOTEL PORTFOLIO BY LOCATION

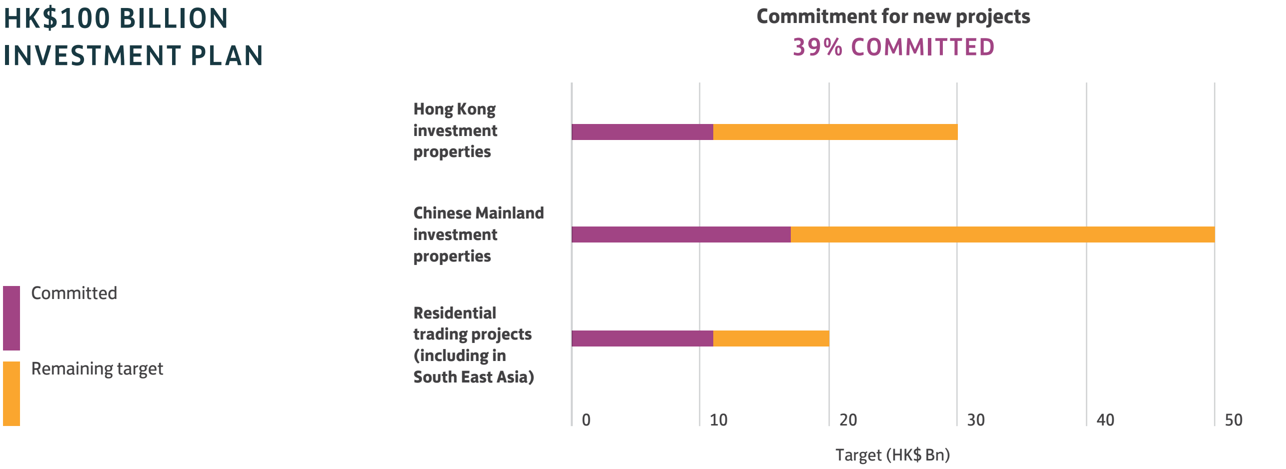
Hong Kong
Chinese Mainland
U.S.A.



ATTRIBUTABLE COMPLETED INVESTMENT PROPERTY AND HOTEL PORTFOLIO BY TYPE



HK$100 BILLION INVESTMENT PLAN



In March 2022, the Company announced a plan to invest HK$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland and in residential trading projects (including in South East Asia). The target allocation is HK$30 billion to Hong Kong, HK$50 billion to the Chinese Mainland and HK$20 billion to residential trading projects (including in South East Asia). At 7th March 2023 approximately HK$39 billion of the planned investments had been committed (HK$17 billion to the Chinese Mainland, HK$11 billion to Hong Kong and HK$11 billion to residential trading projects). Major committed projects are a retail-led mixed-use development in Xi'an, residential developments at Chai Wan Inland Lot No. 178 and at 269 Queen's Road East in Hong Kong, a retail-led development in Sanya, office and other commercial use developments at 8 Shipyard Lane and at 1067 King's Road in Hong Kong, the acquisition of the remaining 50% interests in Sino-Ocean Taikoo Li Chengdu and the acquisition of a 40% interest in a residential development in Bangkok. Uncommitted projects include further retail-led mixed-use projects in Tier 1 and emerging Tier 1 cities in the Chinese Mainland (with a letter of intent and a framework agreement having been signed in relation to projects in Guangzhou and Beijing and a plan to double gross floor area in the Chinese Mainland), further expansion at Pacific Place and Taikoo Place in Hong Kong and further residential trading projects in Hong Kong, the Chinese Mainland and South East Asia.

Key Developments

In January 2022, the sale of the property located at Fort Lauderdale, Florida was completed.

In March 2022, a consortium in which the Group has a 70% interest acquired (via a government land tender) the land use rights in respect of land in the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an for a consideration of approximately RMB2,575 million. The land is expected to be developed into a retail-led mixed-use development comprising retail and cultural facilities, a hotel, serviced residences and business apartments.

In March 2022, the Group obtained full ownership of Zung Fu Industrial Building in Quarry Bay, Hong Kong. Subject to the Group having successfully bid in the compulsory sale of the adjacent Wah Ha Factory Building, the two sites are intended to be redeveloped for office and other commercial uses.

In March 2022, the Group acquired an additional 6.67% interest in the Citygate development in Tung Chung, Hong Kong. As a result, the Group's interest in the Citygate development increased from 20% to 26.67%.

In June 2022, the Group acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai, Hong Kong for a consideration of approximately HK$1,962 million. The plot of land will be developed primarily for residential use with an aggregate gross floor area ("GFA") of approximately 116,000 square feet. Works preparatory to demolition of the existing building have commenced. The development is expected to be completed in 2025.

In July and August 2022, Swire Hotels announced plans for two new, third-party owned hotels under The House Collective brand, in Tokyo and Shenzhen. The two hotels will be managed by Swire Hotels.

In September 2022, the Group obtained the occupation permit for Two Taikoo Place. Two Taikoo Place, the second phase of the Taikoo Place redevelopment, is an office tower with an aggregate GFA of approximately one million square feet. Leased floors have been handed over to tenants in phases.

In October 2022, a consortium in which the Group has a 50% interest acquired (via a government land tender) the land use rights in respect of land in the Haitang district of Sanya for a consideration of RMB1,308 million. The land is expected to be developed into a premium, resort-style, retail-led development which will be Phase III of the Sanya International Duty-Free Complex. The project is expected to open in phases from late 2024.

In November 2022, the first phase of the ZHANGYUAN urban regeneration project officially opened in Shanghai. The project is operated and managed by a joint venture between the Group and Shanghai Jing'an Real Estate (Group) Co., Ltd.

In December 2022, the sale of the property at 8-12 Tsing Tim Street in Tsing Yi, Hong Kong was completed.

In December 2022, the Group entered into three conditional agreements with the Sino-Ocean group to acquire further interests in Sino-Ocean Taikoo Li Chengdu. Under the first agreement (which was completed in December 2022), the Group's interest in Sino-Ocean Taikoo Li Chengdu increased from 50% to 65%. Under the second agreement (which was completed in February 2023), the Group's interest in the property management of Sino-Ocean Taikoo Li Chengdu increased to 100%. Under the third agreement (which was completed in February 2023), the Group's interest in the investment properties of Sino-Ocean Taikoo Li Chengdu increased to 100%. The consideration was RMB1,000 million under the first agreement, RMB59 million under the second agreement and RMB4,491 million under the third agreement.

In February 2023, the Group acquired a 40% interest in a site located in Lumphini sub-district in Pathum Wan district, Bangkok for a consideration of approximately THB2.4 billion. In partnership with City Realty Co. Ltd., the site is expected to be developed for residential purposes with a site area of approximately 136,000 square feet.

Portfolio Overview

The aggregate gross floor area ("GFA") attributable to the Group at 31st December 2022 was approximately 33.6 million square feet.

Of the aggregate GFA attributable to the Group, approximately 29.9 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 24.1 million square feet and investment properties under development or held for future development of approximately 5.8 million square feet. In Hong Kong, the investment property and hotel portfolio comprise approximately 13.7 million square feet attributable to the Group of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In the Chinese Mainland, the Group has interests in eight major commercial developments in prime locations in Beijing, Guangzhou, Chengdu, Shanghai, Xi'an and Sanya. These developments are expected to comprise approximately 14.1 million square feet of attributable GFA when they are all completed. Of this, 10.0 million square feet has already been completed. Outside Hong Kong and the Chinese Mainland, the investment property portfolio comprises the Brickell City Centre development in Miami, U.S.A.

The tables below illustrate the GFA (or expected GFA) attributable to the Group of the investment property and hotel portfolio at 31st December 2022.

Completed Investment Properties and Hotels
(GFA attributable to the Group in million square feet)

	Office	Retail	Hotels[1]	Residential/ Serviced Apartments	Under Planning	**Total**
Hong Kong	9.5	2.6	0.8	0.6	–	**13.5**
Chinese Mainland	2.9	5.7	1.2	0.2	–	**10.0**
U.S.A.	–	0.3	0.3	–	–	**0.6**
Total	**12.4**	**8.6**	**2.3**	**0.8**	**–**	**24.1**

Investment Properties and Hotels Under Development or Held for Future Development
(expected GFA attributable to the Group in million square feet)

	Office	Retail	Hotels[1]	Residential/ Serviced Apartments	Under Planning	**Total**
Hong Kong	0.2	–	–	–	–	**0.2**
Chinese Mainland	–	1.1	–	–	3.0	**4.1**
U.S.A.	–	–	–	–	1.5[2]	**1.5**
Total	**0.2**	**1.1**	**–**	**–**	**4.5**	**5.8**

Total Investment Properties and Hotels
(GFA (or expected GFA) attributable to the Group in million square feet)

	Office	Retail	Hotels[1]	Residential/ Serviced Apartments	Under Planning	**Total**
Total	**12.6**	**9.7**	**2.3**	**0.8**	**4.5**	**29.9**

(1) Hotels are accounted for in the financial statements under property, plant and equipment and, where applicable, the leasehold land portion is accounted for under right-of-use assets.

(2) This property is accounted for under properties held for development in the financial statements.

The trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are six residential projects under planning or development, three in Hong Kong, one in Indonesia, one in Vietnam and one in Thailand. There are also land banks in Miami, U.S.A.

The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio at 31st December 2022.

Trading Properties
(GFA (or expected GFA) attributable to the Group in million square feet)

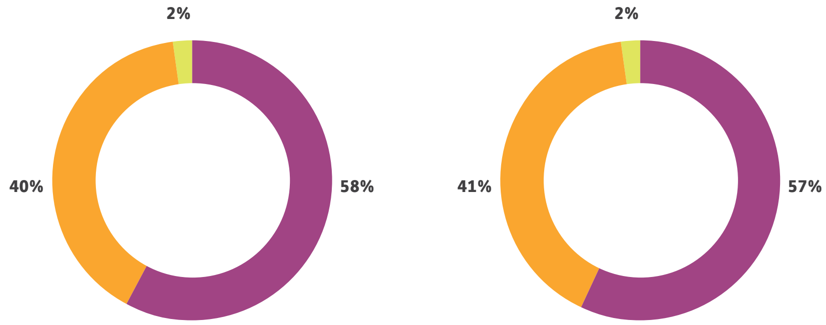
	Completed Development[1]	Under Development or Held for Development	**Total**
Hong Kong	0.0	0.8	**0.8**
U.S.A. and elsewhere	0.1	2.8	**2.9**
Total	**0.1**	**3.6**	**3.7**

(1) Completed development in Hong Kong comprises EIGHT STAR STREET.

The charts below show the analysis of the Group's completed investment properties GFA (excluding hotels), gross rental income and net assets employed by region on an attributable basis.

COMPLETED INVESTMENT PROPERTIES GFA (EXCL. HOTELS)

- Hong Kong
- Chinese Mainland
- U.S.A.

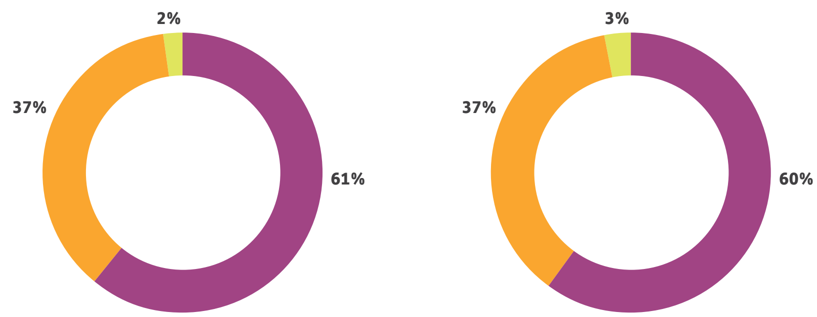


31st December 2022

31st December 2021

ATTRIBUTABLE GROSS RENTAL INCOME

- Hong Kong
- Chinese Mainland
- U.S.A.

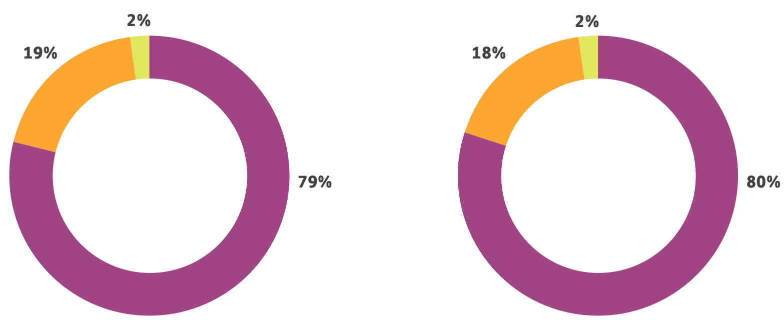


Year ended 31st December 2022

Year ended 31st December 2021
(Restated)

NET ASSETS EMPLOYED

- Hong Kong
- Chinese Mainland
- U.S.A. and elsewhere



31st December 2022

31st December 2021
(Restated)

Investment Properties – Hong Kong

Offices

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 10.0 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK$5,932 million in 2022. At 31st December 2022, our office properties, completed and under development, in Hong Kong were valued at HK$180,180 million. Of this amount, the Company's attributable interest was HK$170,513 million.

Hong Kong Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
Pacific Place	2,186,433	97%	100%
Taikoo Place – One Island East and One Taikoo Place	2,550,379	97%	100%
Taikoo Place – Two Taikoo Place (1)	994,545	53%	100%
Taikoo Place – Other Office Towers (2)	3,136,717	95%	50%/100%
Others (3), (4)	1,158,595	86%	26.67%/50%/100%
Total	**10,026,669**		

(1) Including space allocated to tenants who have signed letter of intent.

(2) Including PCCW Tower, of which the Group owns 50%.

(3) Others comprise One Citygate (26.67% owned), Berkshire House (50% owned), SPACES.8QRE (wholly-owned), 28 Hennessy Road (wholly-owned and will be renamed as Five Pacific Place) and South Island Place (50% owned).

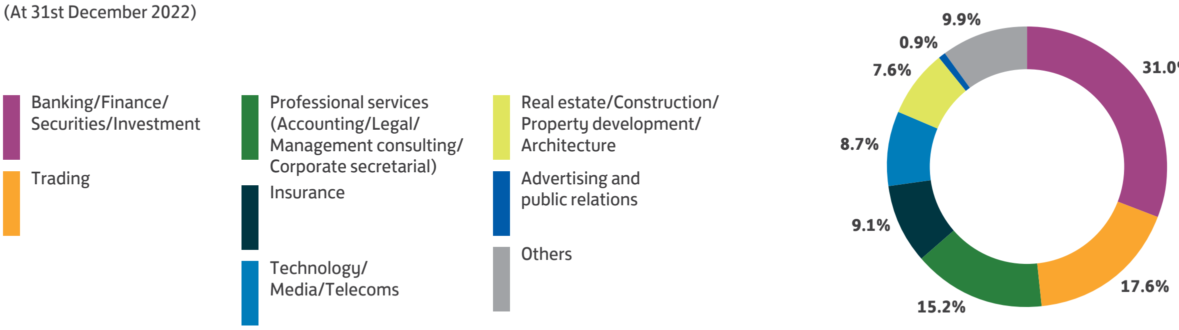
(4) In March 2022, the Group acquired an additional 6.67% interest in the Citygate development. The Group's interest in One Citygate increased from 20% to 26.67% after the transaction.

Gross rental income (after deduction of rental concessions of HK$34 million) from the Hong Kong office portfolio in 2022 was HK$5,595 million, 3% lower than in 2021. The office market was weak. Demand was subdued, reflecting increased supply and economic uncertainty. But our office portfolio was generally resilient. We believe that tenants value our provision of amenities and our commitment to sustainability and to the wellbeing of the people who occupy its offices. At 31st December 2022, the office portfolio was 91% let. Excluding Two Taikoo Place (which was completed in September 2022), the office portfolio was 96% let.

The chart below shows the mix of tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 31st December 2022.

OFFICE AREA BY TENANTS' BUSINESSES

(At 31st December 2022)



At 31st December 2022, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 21% of the Group's total attributable office area in Hong Kong.

Pacific Place

The performance of the offices at One, Two, and Three Pacific Place was resilient in 2022. These offices were 97% let at 31st December 2022. Royal Bank of Canada, Eight Roads Capital, Northern Light Venture Capital, Derivatives China, Cornell Capital and CIFI Holdings became tenants. PAG and Sequoia Capital leased more spaces. FIL Asia, Bain Capital, Moelis & Co., Matthews Global, Sequoia Capital, Anchor Equity, Shenwan Hongyuan, Agile Property, China Baofeng, Aplus Partners, China Harmony, JIC(HK) and W2 Capital Group renewed their leases. OCI International, Ganglong China Property and Resona Bank relocated within the same portfolio.

Taikoo Place

The performance of One Taikoo Place and One Island East at Taikoo Place was resilient. These two offices were 100% and 96% let respectively at 31st December 2022. In One Island East, Huaxin Mining Investment and Squire Patton Boggs became tenants. CHANEL leased more space. Accenture, Allied World, Amgen, CMS Hasche Sigle, Hong Kong LLP, La Prairie, SK Hynix, SWIFT and Transamerica Life Bermuda renewed their leases.

At Two Taikoo Place, tenants have committed (including by way of letters of intent) to take 53% of the space at 31st December 2022. Occupation permit was obtained in September 2022. Leased floors have been handed over to tenants in phases. Amundi, BASF, Boston Consulting Group, China CITIC Bank International and Julius Baer became tenants.

There are six other office towers at Taikoo Place (including PCCW Tower, in which we have a 50% interest). These offices were 95% let at 31st December 2022. GROW Investment Group, Kyndryl, ListcoPRO, OnTheList, The Asset, The Hong Kong Securities and Investment Institute, and ZJLD became tenants. FWD, Gravitas Recruitment Group, IPG and LVMH leased more space. ACCA, Allegis Group, Bayer, Beiersdorf, BNP Paribas, Bryan Cave Leighton Paisner, Burberry, Chung Shek Enterprises, CITIC Telecom CPC, CJ ENM, FTI Consulting, Galderma, Gartner, Gianni & Origoni, Grobest, Horspath, IBM, Informatica Software, Jones Lang Lasalle Management Service, LyondellBasell, Magnum Research, Marine Contracting Services, Mighty Ocean, Qantas Airways, QBE, Schindler Lifts, SinoEnergy Capital, Sumida Electric, Swire Coca-Cola, TotalEnergies and Worms Asia renewed their leases.

South Island Place

The offices were 87% let at 31st December 2022. Tenants include KPMG, Fleet Management Limited, the Competition Commission and SCMP. The Group has a 50% interest in the development.

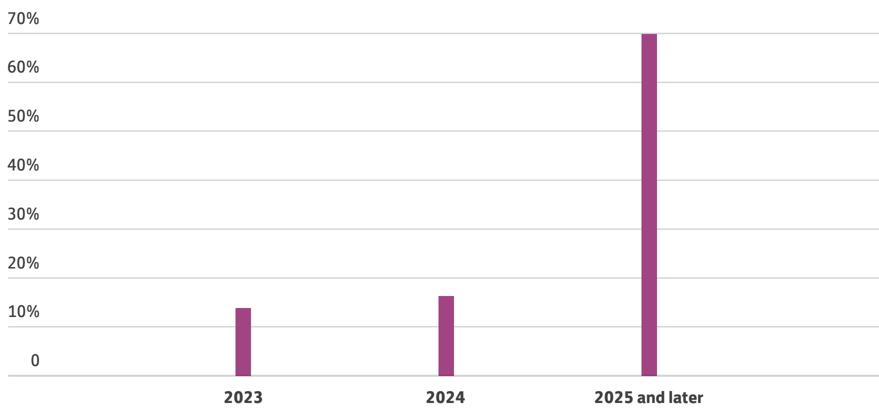
Hong Kong Office Market Outlook

The office market in Hong Kong is expected to be weak in 2023, reflecting increased vacancy rates, new supply and economic uncertainty. Increasing competition from Central and Kowloon East will exert downward pressure on rents. A flight-to-quality is expected to benefit the Group as prospective tenants upgrade their premises and place a higher value on sustainability and the wellbeing of occupants. Following the reopening of the border with the Chinese Mainland and assuming continued improvements in the financial markets, the demand for Grade-A office space in Hong Kong, particularly from financial institutions and professional services companies, should increase.

The following chart shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 13.8% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 16.3% of such rental income due to expire in 2024.

OFFICE LEASE EXPIRY PROFILE

(At 31st December 2022)



Retail

Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 3.2 million square feet of space on a 100% basis. Total attributable gross rental income from our retail properties in Hong Kong was HK$2,320 million in 2022. At 31st December 2022, our retail properties in Hong Kong were valued at HK$54,518 million. Of this amount, the Group's attributable interest was HK$45,649 million.

The portfolio principally consists of The Mall at Pacific Place, Cityplaza at Taikoo Shing and Citygate Outlets at Tung Chung. The Mall at Pacific Place and Cityplaza are wholly-owned by the Group. During the year, the Group increased its interest in the Citygate development (comprising Citygate Outlets) from 20% to 26.67%. The malls are managed by the Group.

Hong Kong Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
The Mall, Pacific Place	711,182	96%	100%
Cityplaza	1,096,898	100%	100%
Citygate Outlets (1)	803,582	100%	26.67%
Others (1), (2)	549,558	100%	26.67%/60%/100%
Total	**3,161,220**		

(1) In March 2022, the Group acquired an additional 6.67% interest in the Citygate development. The Group's interest in Citygate Outlets and Tung Chung Crescent neighbourhood shops increased from 20% to 26.67% after the transaction.

(2) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (which are wholly-owned), Island Place retail premises (60% owned) and Tung Chung Crescent neighbourhood shops.

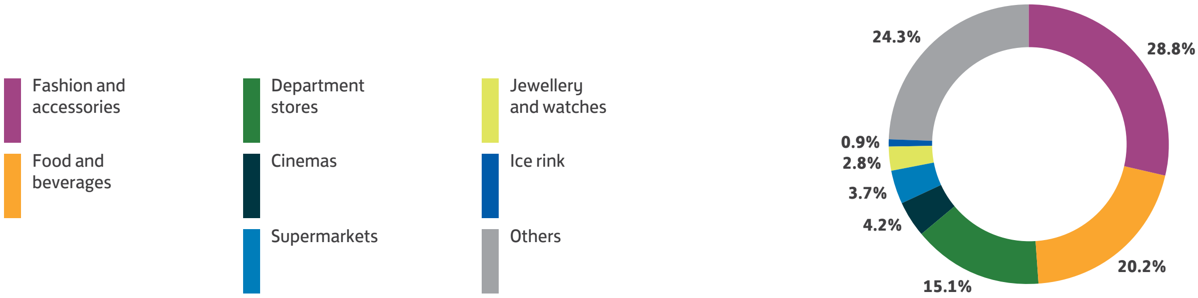
Gross rental income (after deduction of rental concessions of HK$171 million) from the retail portfolio in Hong Kong was HK$2,169 million in 2022, a 1% increase from 2021. Rental concessions were given to tenants for specific periods on a case-by-case basis. Cash rental concessions were less in 2022 than in 2021. COVID-19 related social distancing measures disrupted the retail market during the first quarter of 2022. The market recovered gradually from the second quarter, as social distancing measures and quarantine requirements were adjusted. The HKSAR Government's consumption voucher scheme also helped. Retail sales in 2022 increased by 2% at The Mall, Pacific Place and by 4% at Citygate Outlets, and decreased by 5% at Cityplaza. Retail sales in Hong Kong as a whole decreased by 1% in 2022.

The malls were almost fully let throughout the year.

The chart below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 31st December 2022.

RETAIL AREA BY TENANTS' BUSINESSES

(At 31st December 2022)



Cityplaza
HONG KONG

At 31st December 2022, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 25% of the Group's total attributable retail area in Hong Kong.

The Mall at Pacific Place

The Mall at Pacific Place is in the mixed-use Pacific Place development. The offices and the four hotels at Pacific Place provide a flow of shoppers for The Mall.

The Mall was almost fully let during the year. Despite challenging market conditions, enhancement to the retail tenant mix continued. New and experiential retail brands were introduced. K-way, Max Mara, Omega, Reign Abalone, The Hawk & Aster / Elephant Grounds and Venchi became tenants. Joyce took more space and opened its new flagship store. Burberry was relocated within The Mall. The premises occupied by adidas, Brooks Brothers, Chloé, La Mer, LensCrafters, Montblanc, Shanghai Tang, Vilebrequin, Zadig & Voltaire were refitted.

Cityplaza

Cityplaza is the largest shopping mall on Hong Kong Island, with a total floor area of approximately 1.1 million square feet. The six-level mall has more than 170 shops and restaurants, a cinema, an indoor ice rink and over 800 indoor parking spaces. Continued improvements to the tenant mix, promotions and activities in the mall make it an attractive place to shop, eat and be entertained.

Despite the competitive environment, Cityplaza was fully let in 2022. New tenants were introduced including American Eagle / Aerie, Fubon Bank (Hong Kong), LIFETASTIC, mi-tu, Marimekko, New Balance, O.N.S | kapok, Polo Ralph Lauren, Skechers and XOVĒ. Cathay Pacific has launched its first new retail concept store in Cityplaza. APiTA completed the major renovation on the ground floor with the introduction of two new restaurants (SENSU and Shiawase Yakitori) and unveiled an elevated and expanded food hall, APITA Eatery. Newly renovated LOG-ON reopened with its new F&B, cafe ToGather by LOG-ON.

Nike and Sabon renovated its shops. Blooms Coffee, Fresh (a beauty brand), Carnival (a new food hall) and Sushi Taka (a Japanese restaurant) were opened in early 2023.

Citygate Outlets

Citygate Outlets is the largest premium outlet mall in Hong Kong with approximately 200 shops and restaurants, and with 2 hotels. It is near tourist attractions and transportation links (Hong Kong International Airport and the Hong Kong-Zhuhai-Macao Bridge). It appeals to local shoppers and tourists.

It was fully let in 2022. adidas, Burberry, Calvin Klein, cdf Beauty, Coach, Fortress, I.T/i.t, MCL Citygate, Nike, Polo Ralph Lauren, TaSTe and Uniqlo are major tenants. Over 20 new tenants were introduced in 2022, such as Bath & Body Work, Cupping Room, Delsey, Haustage, Jimmy Choo, J. Journey, Jumpin Gym, Kapok, Life Kan, Man Mano Handmade Pasta, Pho Le, Que by Rin Horiuchi, Rabeanco, Rayban, Save The Duck and Shake Shack. Starbucks at North phase were upgraded to Starbucks Reserve.

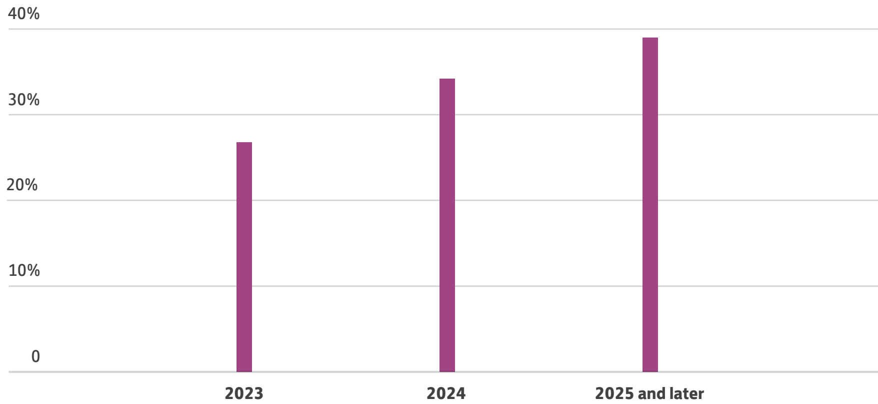
Hong Kong Retail Market Outlook

Footfall and tenants' sales in Hong Kong are expected to improve with removal of COVID-19 related measures and the reopening of the border with the Chinese Mainland.

The following chart shows the percentage of attributable gross rental income from the retail properties in Hong Kong, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 26.8% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 34.2% of such rental income due to expire in 2024.

RETAIL LEASE EXPIRY PROFILE

(At 31st December 2022)



Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, EAST Residences in Quarry Bay, STAR STUDIOS in Wan Chai and a number of luxury houses on Hong Kong Island and Lantau Island, with an aggregate GFA of approximately 0.6 million square feet. The residential portfolio was 72% let at 31st December 2022. Demand for our residential investment properties was primarily local, and was affected by COVID-19 as well as a net outflow of residents to overseas.

Investment Properties Under Development

Six Pacific Place (formerly known as 46-56 Queen's Road East)

Planning permission to develop this site in Wan Chai for office use was obtained in 2018. The site area is approximately 14,400 square feet. The development has an aggregate GFA of approximately 223,000 square feet. Superstructure works are in progress. Completion of construction is expected later in 2023.

Others

Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road

In 2018, the Group submitted compulsory sale applications in respect of these two sites in Quarry Bay. In March 2022, the Group acquired the remaining interests in Zung Fu Industrial Building and obtained full ownership of the site. Subject to the Group having successfully bid in the compulsory sale of the Wah Ha Factory Building site, the two sites are intended to be redeveloped for office and other commercial uses with an aggregate GFA of approximately 779,000 square feet.

983-987A King's Road and 16-94 Pan Hoi Street

In 2018, a joint venture company in which the Group holds a 50% interest submitted a compulsory sale application in respect of this site in Quarry Bay. Subject to the joint venture company having successfully bid in the compulsory sale and in accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a GFA of approximately 440,000 square feet.

9-39 Hoi Wan Street and 33-41 Tong Chong Street

In June 2022, the Group submitted a compulsory sale application in respect of this site in Quarry Bay. The gross site area is approximately 20,060 square feet. Proceeding with the development (the planning of which is being reviewed) is subject to the Group having successfully bid in the compulsory sale.

Taikoo Shing Car Parking Spaces

Since November 2020, the Group has offered 2,530 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 1,458 of these car parking spaces had been sold at 7th March 2023. Sales of 1,452 car parking spaces had been recognised at 31st December 2022, 250 of them in 2022. Sales of 6 car parking spaces are expected to be recognised in 2023.

Investment Properties – Chinese Mainland

Overview

The property portfolio in the Chinese Mainland comprises an aggregate of 22.5 million square feet of space, 14.1 million square feet of which is attributable to the Group. Completed properties amount to 13.9 million square feet, with 8.6 million square feet under development. Total attributable gross rental income from investment properties in the Chinese Mainland was HK$5,172 million in 2022. At 31st December 2022, the investment properties in the Chinese Mainland were valued at HK$108,978 million. Of this amount, the Group's attributable interest was HK$73,665 million.

Chinese Mainland Property Portfolio [1]

	GFA (sq. ft.) (100% Basis)				
	Total	Investment Properties	Hotels and Others	Under Planning	Attributable Interest
Completed					
Taikoo Li Sanlitun, Beijing	1,789,000	1,619,537	169,463	–	100%
Taikoo Hui, Guangzhou	3,782,327	3,272,893	509,434	–	97%
INDIGO, Beijing	1,894,141	1,535,840	358,301	–	50%
Sino-Ocean Taikoo Li Chengdu [2]	1,654,565	1,461,428	193,137	–	65%
HKRI Taikoo Hui, Shanghai	3,536,619	3,148,792	387,827	–	50%
Taikoo Li Qiantan, Shanghai	1,188,727	1,188,727	–	–	50%
Hui Fang, Guangzhou	90,847	90,847	–	–	100%
Others	2,917	2,917	–	–	100%
Sub-Total	**13,939,143**	**12,320,981**	**1,618,162**	**–**	
Under Development					
INDIGO Phase Two, Beijing [3]	4,045,514	–	–	4,045,514	35%
Taikoo Li Xi'an [4]	2,364,668	–	–	2,364,668	70%
Sanya [5]	2,143,440	2,143,440	–	–	50%
Sub-Total	**8,553,622**	**2,143,440**	**–**	**6,410,182**	
Total	**22,492,765**	**14,464,421**	**1,618,162**	**6,410,182**	

(1) Including hotels and properties leased for investment.

(2) In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest increased from 50% to 65% after the transaction.

(3) This is an office-led mixed-use development. The development scheme is being planned. The development is planned to be completed in two phases, in 2025 and 2026.

(4) This is a retail-led mixed-use development. The development scheme is being planned. The development is planned to be completed in late 2025.

(5) This is a retail-led development. The development is planned to be completed in phases from late 2024.

Gross rental income (after deduction of rental concessions of HK$113 million) from the Group's investment property portfolio in the Chinese Mainland was HK$3,324 million in 2022, 8% lower than in 2021, reflecting the COVID-19 resurgence in the cities where our malls operate. This partly offset by a full year contribution from Taikoo Li Sanlitun West.

Retail

The completed retail portfolio in the Chinese Mainland comprises an aggregate of 7.9 million square feet of space, 5.7 million square feet of which is attributable to the Group. Total attributable gross rental income from our retail properties in the Chinese Mainland declined by 5%, to HK$4,242 million, in 2022. Disregarding rental concessions and changes in the value of the Renminbi, total attributable gross rental income increased by 4%. At 31st December 2022, our completed retail properties in the Chinese Mainland were valued at HK$67,719 million. Of this amount, the Group's attributable interest was HK$51,762 million.

The portfolio consists of Taikoo Li Sanlitun in Beijing and Hui Fang in Guangzhou, which are wholly-owned by the Group, Taikoo Hui in Guangzhou, which is 97% owned, INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai, each of which is 50% owned, and Sino-Ocean Taikoo Li Chengdu, which is 65% owned after the completion of the acquisition of additional 15% interest in December 2022.

Chinese Mainland Completed Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
Taikoo Li Sanlitun, Beijing (1)	1,619,537	94%	100%
Taikoo Hui, Guangzhou	1,529,392	99%	97%
INDIGO, Beijing	946,769	100%	50%
Sino-Ocean Taikoo Li Chengdu (2)	1,354,624	95%	65%
HKRI Taikoo Hui, Shanghai	1,173,459	97%	50%
Taikoo Li Qiantan, Shanghai (3)	1,188,727	93%	50%
Hui Fang, Guangzhou	90,847	100%	100%
Total	**7,903,355**		

(1) Including Taikoo Li Sanlitun West, which officially opened in December 2021.

(2) In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest increased from 50% to 65% after the transaction.

(3) Including space allocated to prospective tenants who have signed letters of intent.

Retail sales in the Chinese Mainland started strongly. There were full year contributions from the Taikoo Li Sanlitun West and Taikoo Li Qiantan developments in 2022. From the second quarter, the Group's six shopping malls were affected to varying degrees by COVID-19 related measures. Shops in Shanghai, Beijing and Chengdu were closed for periods. The increase in COVID-19 cases which followed adjustments to COVID-19 policies in December 2022 caused short-term disruption. Tenants were understaffed and their operations were adversely affected. Our retail sales in the Chinese Mainland (excluding Taikoo Li Sanlitun West and Taikoo Li Qiantan) decreased on an attributable basis by 20% in 2022. Retail sales in Taikoo Li Sanlitun and INDIGO in Beijing, Taikoo Hui in Guangzhou, Sino-Ocean Taikoo Li Chengdu and HKRI Taikoo Hui in Shanghai decreased by 26%, 26%, 11%, 15% and 36% respectively in 2022. National retail sales decreased by 0.2%.

The Group's gross rental income (after deduction of rental concessions of HK$113 million) from retail properties in the Chinese Mainland decreased by 9%, to HK$2,943 million, in 2022. Rental concessions were given to tenants for specific periods on a case-by-case basis. Disregarding rental concessions and changes in the value of the Renminbi, gross rental income decreased by 2%.

The chart below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 31st December 2022.

RETAIL AREA BY TENANTS' BUSINESSES

(At 31st December 2022)

At 31st December 2022, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 19% of the Group's total attributable retail area in the Chinese Mainland.

Taikoo Li Sanlitun, Beijing

Taikoo Li Sanlitun is in the Sanlitun area of the Chaoyang district of Beijing. It was our first retail development in the Chinese Mainland. It comprises three neighbouring retail sites, South, North and West. There are approximately 281 retail outlets.

Taikoo Li Sanlitun South concentrates on contemporary fashion and lifestyle brands. In 2022, Gentle Monster opened its world's largest global flagship store and adidas upgraded its Beijing flagship store to Asia Pacific's first-ever "adidas Halo" concept store in the development. Apple, ARKET, World of Ralph Lauren and a 1,597-seat Megabox cinema are tenants. A-COLD-WALL*, by Far, Creed, DC Shoes, Editions De Parfums Frederic Malle, HOKA ONE ONE, Kilian, Nautica Whitesail, Peak Performance, Penfield, STUSSY, WE11DONE, Don Nino, LIAN, Men Hwa, Spring Patio, Tarentum, Tiago Urban Kitchen and Yaki Bar became tenants in 2022. Tenants in Taikoo Li Sanlitun North are principally retailers of luxury, designer fashion and lifestyle brands. Balenciaga, Gucci, LOEWE, Moncler, CANADA GOOSE and SPACE are tenants. I.T, Bape and Alexander McQueen upgraded to their flagship stores in the development in 2022. Bottega Veneta, Celine, LLADRO and Roger Vivier became tenants in 2022. As an extension to Taikoo Li Sanlitun South, tenants in Taikoo Li Sanlitun West include DESCENTE Kinetic Lab Global Experience Centre, Nike Rise, Uniqlo Global Sanlitun Flagship Store, M One KTV and MixPower.

Retail sales at Taikoo Li Sanlitun decreased by 26% in 2022. Gross rental income (after deduction of rental concessions) at the development decreased. Shops and restaurants were shut from time to time as a result of COVID-19. Rental income benefitted from a full year of income from Taikoo Li Sanlitun West and an improved tenant mix. Demand for retail space at Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination. The development was 94% let at 31st December 2022.

Taikoo Hui, Guangzhou

Taikoo Hui is in the Tianhe district of Guangzhou. Its mall is a popular shopping centre in Guangzhou. Bottega Veneta, Cartier, Chanel, DIOR, Gucci, Hermès, I.T, Louis Vuitton, Saint Laurent, Van Cleef & Arpels, Uniqlo, Victoria's Secret, Fangsuo bookstore and Olé Supermarket are tenants. Editions De Parfums Frederic Malle, I-Primo, Kilian, Managi, Manito, Pleats Please Issey Miyake & Bao Bao Issey Miyake, Rock&Ride, Rolex, self-portrait, Thom Browne, Vacheron Constantin, Ah Ma Hand made, Baker & Spice, Chop-chop Noodles, Don Nino and Mikisi Japanese Bistro became tenants in 2022.

Retail sales and gross rental income (after deduction of rental concessions) at Taikoo Hui decreased by 11% and 8% respectively in 2022. There were improvements to the tenant mix. The mall was 99% let at 31st December 2022.

INDIGO, Beijing

INDIGO mall is in the Jiangtai area in the Chaoyang district of Beijing. It is directly linked to the Beijing Metro Line 14 and is near the airport expressway. i.t, Massimo Dutti, Muji, Tesla, SISYPHE bookstore, BHG Market Place and a seven-house with 1,000-seat CGV cinema are tenants. adidas women, HOKA ONE ONE, HUAWEI, moodytiger, New Balance 1906, OVV, Saucony, Uniqlo, % Arabica and WANXIEHUI became tenants in 2022. The mall has become a significant fashion and lifestyle shopping centre in north-east Beijing.

Retail sales at INDIGO decreased by 26% in 2022. There were improvements to the tenant mix. The mall was 100% let at 31st December 2022.

Sino-Ocean Taikoo Li Chengdu

Sino-Ocean Taikoo Li Chengdu is in the Jinjiang district of Chengdu and is part of the Chunxi Road/Daci Temple shopping district. It is our second Taikoo Li project in the Chinese Mainland. Apple, Balenciaga, Gucci, Dior, Hermès, I.T, Tiffany & Co., Muji, Fangsuo bookstore, Olé Supermarket and a 1,720-seat Palace-j'aime cinema are tenants. Despite COVID-19 resurgence in Chengdu, 85 brands opened new stores or upgraded to their latest concept stores in 2022 including Louis Vuitton Maison and The Hall Restaurant, Balenciaga, Boucheron, Cartier Masion, Dior Couture and The World of Ralph Lauren.

Retail sales and gross rental income (after deduction of rental concessions) at Sino-Ocean Taikoo Li Chengdu decreased by 15% and 9% respectively. The development is reinforcing its position as a premium shopping and leisure destination. The development was 95% let at 31st December 2022.

HKRI Taikoo Hui, Shanghai

HKRI Taikoo Hui is on Nanjing West Road in the Jing'an district of Puxi, Shanghai. It has excellent transport connections, being next to the Nanjing West Road metro station (which serves three metro lines) and near the Yan'an Expressway.

HKRI Taikoo Hui is our second Taikoo Hui development in the Chinese Mainland. Starbucks Reserve Roastery, Atelier Cologne, Bremont, COS, diptyque, dunhill, Ermengildo Zegna, Guerlain, Golden Goose, IWC, i.t, Kenzo, Lululemon, MARNI MARKET, Max Mara, Nio, SPACE, Tesla, The Cheesecake Factory, Shanghai Club, Ho Hung Kee and a city'super supermarket are tenants. CANADA GOOSE, drivepro lab, FIVE GUYS, Fook Luk House, GAGA, LOEWE, MOOSE KNUCKLES, self-portrait, Theory, UNDEFEATED and Venchi became tenants in 2022.

Retail sales and gross rental income (after deduction of rental concessions) at HKRI Taikoo Hui decreased by 36% and 17% respectively in 2022. Shops were closed in April and May. The mall was 97% let at 31st December 2022.

Taikoo Li Qiantan, Shanghai

Jointly developed with a subsidiary of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd., Taikoo Li Qiantan is a retail development in Qiantan, Pudong new district in Shanghai. Connected with 3 metro lines, it has an aggregate GFA of 1,188,727 square feet and space for around 250 shops. It is our second development in Shanghai and the third Taikoo Li project in the Chinese Mainland.

The development officially opened in September 2021. Footfall and retail sales were initially strong in 2022. They were adversely affected by COVID-19 related measures from March to May. A number of new flagship stores opened after operation resumption including Bulgari, Cartier, Dior, Gucci, Hermès, Louis Vuitton, Max Mara, Mikomoto, Moncler, China's first Museum of Ice Cream, Team Wang and Valentino. The first MUJI flagship store with Marche in the Chinese Mainland became tenant in 2022. At 31st December 2022, tenants had committed (including by way of letters of intent) to take 93% of the retail space and 83% of the lettable retail space was open.

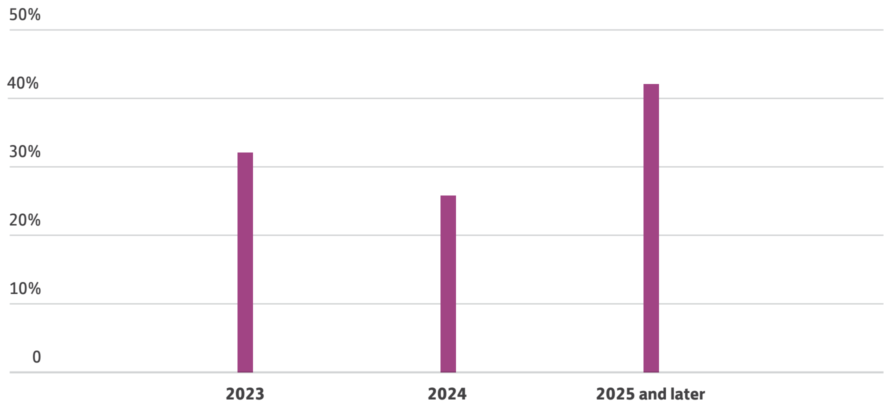
Chinese Mainland Retail Market Outlook

Consumer confidence is expected to improve in the Chinese Mainland, following the adjustments made to COVID-19 policies at the end of 2022. Inbound and outbound travel is expected to increase. In Guangzhou and Chengdu, demand for retail space from retailers of luxury brands is expected to be strong. In Shanghai, demand for retail space from retailers of luxury fashion, cosmetics and lifestyle brands, and from operators of food and beverage outlets, is expected to be steady. In Beijing, retail sales and demand for retail space are expected to be moderate.

The following chart shows the percentage of attributable gross rental income from the retail properties in the Chinese Mainland, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 32.1% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 25.8% of such rental income due to expire in 2024.

RETAIL LEASE EXPIRY PROFILE

(At 31st December 2022)



Offices

The completed office portfolio in the Chinese Mainland comprises an aggregate of 4.1 million square feet of space, 2.9 million square feet of which is attributable to the Group. Total attributable gross rental income from our office properties in the Chinese Mainland decreased by 1% to HK$867 million in 2022. Disregarding changes in the value of the Renminbi, total attributable gross rental income increased by 2%. At 31st December 2022, our completed office properties in the Chinese Mainland were valued at HK$21,021 million. Of this amount, the Group's attributable interest was HK$13,149 million.

The portfolio consists of Taikoo Hui in Guangzhou, which is 97% owned, and INDIGO in Beijing and HKRI Taikoo Hui in Shanghai, each of which is 50% owned.

Chinese Mainland Completed Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
Taikoo Hui, Guangzhou	1,693,125	94%	97%
INDIGO, Beijing	589,071	94%	50%
HKRI Taikoo Hui, Shanghai	1,828,060	99%	50%
Total	**4,110,256**		

Demand for office space in Beijing, Shanghai and Guangzhou were adversely affected by COVID-19 resurgence in 2022. In Guangzhou, demand for office space was weak and new supply put pressure on office rents. Office rents in Shanghai remained resilient in core areas but decreased in decentralised areas reflecting the amount of new supply and the higher vacancy rates. In Beijing, despite weak demand, office rents remained stable due to limited new supply in core areas.

The Group's gross rental income from office properties in the Chinese Mainland decreased by 4% to HK$365 million in 2022. Disregarding changes in the value of the Renminbi, the gross rental income was approximately the same.

The chart below shows the mix of the tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 31st December 2022.

OFFICE AREA BY TENANTS' BUSINESSES

(At 31st December 2022)

At 31st December 2022, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 47% of the Group's total attributable office area in the Chinese Mainland.

Taikoo Hui, Guangzhou

There are two office towers in Taikoo Hui, Guangzhou. They were 94% let at 31st December 2022. Demand for office space in 2022 was weak and rents were under pressure. Apple, Canon, CapitaLand, Cushman & Wakefield, HSBC, FedEx, Medtronic, Microsoft, Roche, Samsung, SFML, Sumitomo Corporation and Eyugame leased more space in 2022. Dior, Edelman, EIC Education, Lectoredu and Louis Vuitton became tenants in 2022.

INDIGO, Beijing

ONE INDIGO was 94% let at 31st December 2022. Despite weak demand for office space, office rents were stable with the limited new supply in the core areas. The main tenants are technology, media and telecoms companies. Disney, Eli Lilly, Rolls Royce and Western Cloud are tenants. Coupang leased more office space in 2022. Rhenus Logistics became tenant in 2022.

HKRI Taikoo Hui, Shanghai

There are two office towers at HKRI Taikoo Hui in Shanghai. They were 99% let at 31st December 2022. Demand slowed down in 2022. The main tenants are financial services companies, pharmaceutical companies, law firms, gaming companies and retailers. Abbvie, Advent Capital, Alliance Bernstein, Amore Pacific, Bank of China, Bally, Beautiful Tree, BionTech, Byredo, Canali, Citic Capital, Clifford Chance, EA, Eli Lilly, Fangda Partners, Fidelity, H&M, Harry Winston, Jimmy Choo, JLL, Jun He Law Offices, Michael Kors, Rothschild, Towers Research Capital, Versace and Warner Brothers are tenants. Blackstone, Chanel, CVC Capital Partners, Genesis, Han Kun Law Offices, KRR, Neuberger Berman, Supercell and White & Case leased more space in 2022.

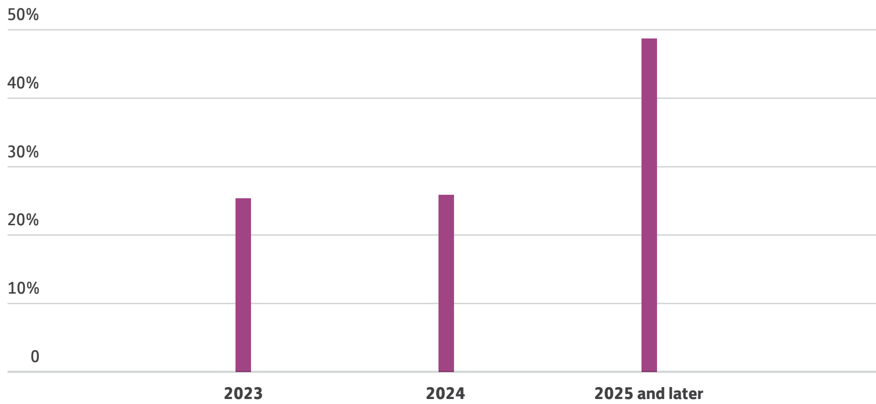
Chinese Mainland Office Market Outlook

In Guangzhou, new supply in decentralised areas is expected to put downward pressure on office rents. In Beijing, new supply in core areas is limited. Demand should benefit from the removal of COVID-19 related measures. In Shanghai, demand is expected to be stable. Office rents in core central business districts, where supply is limited, are expected to be stable.

The following chart shows the percentage of attributable gross rental income from the office properties in the Chinese Mainland, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 25.4% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 25.9% of such rental income due to expire in 2024.

OFFICE LEASE EXPIRY PROFILE

(At 31st December 2022)



Serviced Apartments

There are 24 serviced apartments at the Mandarin Oriental in Taikoo Hui Guangzhou, 42 serviced apartments at The Temple House in Sino-Ocean Taikoo Li Chengdu and 102 serviced apartments at The Middle House Residences in HKRI Taikoo Hui Shanghai.

The performance of the serviced apartments in 2022 was adversely affected by COVID-19 associated restrictions. Occupancy at the Mandarin Oriental in Guangzhou, The Temple House in Chengdu and The Middle House Residences in Shanghai was 88%, 76% and 64% respectively at 31st December 2022.

Chinese Mainland Serviced Apartments Market Outlook

The performance of the serviced apartments is expected to recover following the adjustments to COVID-19 restrictions in 2023.

Investment Properties Under Development

INDIGO Phase Two, Beijing

INDIGO Phase Two is an extension of the existing INDIGO development, with a GFA of approximately four million square feet. Jointly developed with the Sino-Ocean group, INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in 2025 and 2026. Basement works are in progress. The Group has a 35% interest in INDIGO Phase Two.

Taikoo Li Xi'an

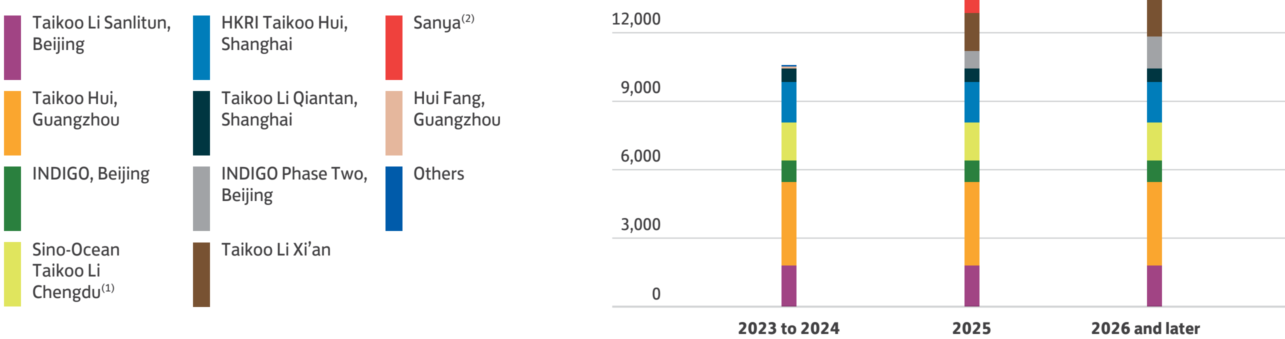
In March 2022, a consortium in which the Group has a 70% interest acquired (via a government land tender) the land use rights in respect of land in the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. With a site area of approximately 1.3 million square feet, the land is expected to be developed as Taikoo Li Xi'an, a retail-led mixed-use development comprising retail and cultural facilities, a hotel, serviced residences and business apartments. The estimated GFA is approximately 2.4 million square feet (above ground), subject to further planning. The project is expected to be completed in late 2025. The development is being done in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd.

Sanya

In October 2022, a consortium in which the Group has a 50% interest acquired (via a government land tender) the land use rights in respect of land in the Haitang district of Sanya with a site area of approximately 2.1 million square feet. The land is expected to be developed into a premium, resort-style, retail-led development including underground parking and other ancillary facilities. The development will be Phase III of the Sanya International Duty-Free Complex. The project is expected to open in phases from late 2024. The development is being done in collaboration with China Tourism Group Duty Free Corporation Limited.

The chart below illustrates the expected attributable area of the completed property portfolio in the Chinese Mainland.

ATTRIBUTABLE AREA OF COMPLETED PROPERTY PORTFOLIO IN THE CHINESE MAINLAND



(1) In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest increased from 50% to 65% after the transaction. The attributable area represents 100% interests in the site after the completion of the acquisition of the remaining 35% interest in February 2023.

(2) The development is expected to open in phases from late 2024. GFA completed at year end of 2024 has yet to be determined.

Others

ZHANGYUAN, Shanghai

In 2021, the Group formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, in which the Group has a 60% interest, is engaged in the revitalisation and management of the ZHANGYUAN Shikumen compound in the Jing'an district of Shanghai. When the revitalisation is completed, the compound will have a GFA (including car parking spaces) of 591,189 square feet above ground and 738,066 square feet underground. There are over 40 Shikumen blocks, with about 170 two or three-storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. The first phase (the West zone) was completed and opened in November 2022. Construction and renovation at the second phase (the East zone) are in progress. The second phase is planned to be completed and opened in 2026. The Group does not have an ownership interest in the compound.

Investment Properties – U.S.A.

Overview

Brickell City Centre, Miami

Brickell City Centre is an urban mixed-use development in the Brickell financial district of Miami, U.S.A. It has a site area of 504,017 square feet (approximately 11.6 acres).

The first phase of the Brickell City Centre development comprises a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel with serviced apartments (EAST Miami, which was sold in 2021) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. All the residential units at Reach and Rise have been sold.

The Group owns 62.93% of the shopping centre at the Brickell City Centre development. The remaining interest in the shopping centre is owned by Simon Property Group (25%) and Bal Harbour Shops (12.07%). Bal Harbour Shops has an option, which has been exercisable since February 2020, to sell its interest to the Group.

The shopping centre was 89% leased (including by way of letters of intent) at 31st December 2022. Retail sales in 2022 increased by 24%.

The second phase of the Brickell City Centre development, to be known as One Brickell City Centre, is being planned. It will be a commercial development and will be connected to the first phase of Brickell City Centre.

Brickell City Centre, Miami

	GFA (sq. ft.)[1] (100% Basis)	Attributable Interest
Completed		
Shopping centre	496,508	62.9%
Future Development		
One Brickell City Centre	1,510,000	100%
Total	**2,006,508**	

(1) Represents leasable/saleable area except for the car parking spaces, roof top and circulation areas.

Miami Market Outlook

In Miami, retail sales are expected to increase.

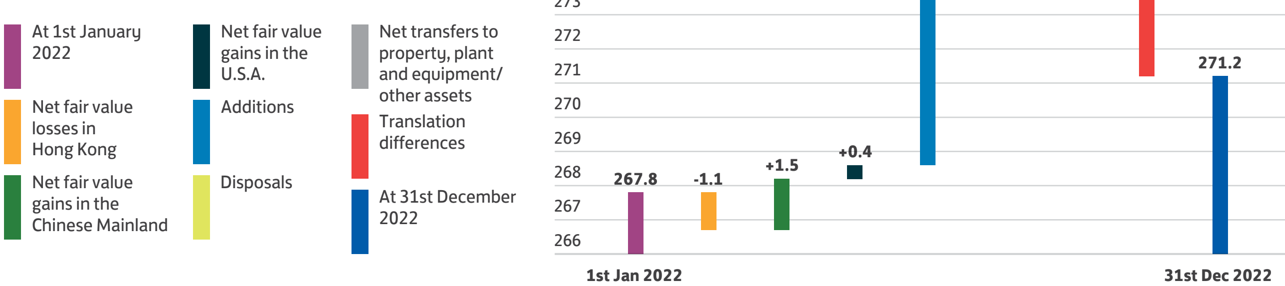
Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2022 on the basis of market value (95% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK$271,191 million, compared to HK$267,815 million at 31st December 2021.

The increase in the valuation of the investment property portfolio primarily reflected new investment and an increase in the valuation of certain existing properties in the Chinese Mainland (reflecting a reduction of 25 to 50 basis points in the capitalisation rates), partly offset by a decrease in the valuation of the office investment properties in Hong Kong and foreign exchange translation losses in respect of the investment properties in the Chinese Mainland.

Under HKAS 40, hotel properties are not accounted for as investment properties. The hotel buildings are included within property, plant and equipment. The leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

MOVEMENT IN INVESTMENT PROPERTIES



Property Trading

Overview

The trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are six residential projects under planning or development, three in Hong Kong, one in Indonesia, one in Vietnam and one in Thailand. There are also land banks in Miami, U.S.A.

Property Trading Portfolio (At 31st December 2022)

	GFA (sq. ft.) (100% Basis)	Actual/Expected Construction Completion Date	Attributable Interest
Completed			
Hong Kong			
– EIGHT STAR STREET, Wan Chai (1)	5,897(2)	2022	100%
Vietnam			
– The River	185,594(2)	2022	20%
Under Development			
Hong Kong			
– Wong Chuk Hang Station Package Four Property Development	638,305	2024	25%
– Chai Wan Inland Lot No. 178	694,278(3)	2025	80%
– 269 Queen's Road East, Wan Chai (4)	102,990(5)	2025	100%
Indonesia			
– Savyavasa, South Jakarta	1,122,728	2024	50%
Vietnam			
– Empire City	7,131,624	2028	15.73%
Held for Development or sale			
U.S.A.			
– South Brickell Key, Miami, Florida	550,000	N/A	100%
– Brickell City Centre, Miami, Florida – North Squared site (6)	523,000	N/A	100%

(1) The occupation permit for EIGHT STAR STREET was issued in May 2022.
(2) Remaining saleable area.
(3) Including a retail podium of approximately 2,002 sq. ft.
(4) In June 2022, the Group acquired this site (via a government land tender).
(5) Excluding a retail podium of approximately 13,197 sq. ft.
(6) Represents saleable area.

Hong Kong

EIGHT STAR STREET, Wan Chai

EIGHT STAR STREET at 8 Star Street, Wan Chai is a residential building (with retail outlets on the lowest two levels) of approximately 34,000 square feet. The occupation permit was obtained in May 2022. 30 out of 37 units had been sold at 7th March 2023. 27 units had been handed over to the purchasers as 31st December 2022.

Wong Chuk Hang Station Package Four Property Development

A joint venture formed by the Group, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development in Wong Chuk Hang in Hong Kong. The development will comprise two residential towers with an aggregate GFA of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. Pre-sales are expected to start in the second quarter of 2023. The development is expected to be completed in 2024. The Group has a 25% interest in the joint venture.

Chai Wan Inland Lot No. 178

In 2021, a project company held as to 80% by the Group and as to 20% by China Motor Bus Company, Limited completed a land exchange with the HKSAR Government in respect of a plot of land in Chai Wan. The plot of land is expected to be redeveloped into a residential complex (with retail outlets) with an aggregate GFA of approximately 694,000 square feet. Foundation works are in progress. The development is expected to be completed in 2025.

269 Queen's Road East, Wan Chai

In June 2022, the Group acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai. The plot of land will be developed primarily for residential uses with an aggregate GFA of approximately 116,000 square feet. Works preparatory to demolition of the existing building have commenced. The development is expected to be completed in 2025.

Hong Kong Residential Market Outlook

In Hong Kong, demand for residential accommodation is expected to be weak in the short term (due to increased interest rates and economic uncertainty) but resilient in the medium and long term, reflecting local demand and limited supply.

Indonesia

In 2019, a joint venture between the Group and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed for residential purposes with an aggregate GFA of approximately 1,123,000 square feet. Superstructure works are in progress. The development is expected to comprise over 400 residential units and to be completed in 2024. The Group has a 50% interest in the joint venture. Pre-sales are in progress.

Vietnam

In 2020, the Group agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development comprises 525 luxury apartments in three towers. The Group has an effective 20% interest in the development. Approximately 93% of the units had been sold at 7th March 2023. Handover of the completed units to purchasers is in progress.

In 2021, the Group made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases up to 2028. The Group invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 47% of the residential units had been pre-sold at 7th March 2023.

Thailand

In February 2023, the Group acquired a 40% interest in a site located in Lumphini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site is expected to be developed for residential purposes with a site area of approximately 136,000 square feet.

Indonesia, Vietnam and Thailand Residential Market Outlook

With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable.

Estate Management

The Group manages approximately 20 residential estates which it has developed. It also manages OPUS HONG KONG, a residential property in Hong Kong which the Group redeveloped for Swire Pacific Limited. The management services include day to day assistance for occupants, management, maintenance, cleaning, security and renovation of common areas and facilities. The Group places great emphasis on maintaining good relationships with occupants.

Hotels

Managed Hotels and Restaurants

Overview

The Group owns and manages (through Swire Hotels) hotels in Hong Kong, the Chinese Mainland and the U.S.A. The House Collective, comprising The Upper House in Hong Kong, The Opposite House in Beijing, The Temple House in Chengdu and The Middle House in Shanghai, is a group of small and distinctive luxury hotels. In July and August 2022, the Group announced the plans to further expand The House Collective to Tokyo and Shenzhen. There are EAST hotels in Hong Kong, Beijing and Miami. In October 2021, EAST Miami ceased to be owned by the Group. It continues to be managed by Swire Hotels.

The managed hotels in Hong Kong and the Chinese Mainland were affected by the COVID-19 related travel restrictions. The hotels in the U.S.A. performed well.

The managed hotels (including restaurants and taking account of central costs) recorded an operating loss before depreciation of HK$118 million in 2022, compared with an operating profit before depreciation of HK$22 million in 2021.

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place in Hong Kong, revenue per available room and occupancy continued to be affected by COVID-19 associated travel restrictions. In 2022, the hotel was ranked number three in the Condé Nast Traveler's 2022 Readers' Choice Awards for the Best Hotels in Hong Kong category. It also received awards from Travel + Leisure and TripAdvisor, and was named Hong Kong's Best Wellness Retreat 2022 in the World Spa Awards.

EAST Hong Kong

At EAST Hong Kong, a 331-room hotel in Taikoo Shing, revenue per available room and occupancy were severely affected by COVID-19 related travel restrictions. The hotel was ranked number eight in the Condé Nast Traveler's 2022 Readers' Choice Awards for The Best Hotels in Hong Kong category.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. Its occupancy and revenue per available room declined in 2022 due to COVID-19 associated restrictions. In 2022, the hotel received awards from Condé Nast Traveler and Travel + Leisure, and was ranked number five and six in TripAdvisor's Top 25 Hotels and Luxury Hotels in China respectively. Jing Yaa Tang restaurant was awarded with 1-star in the MICHELIN Guide Beijing 2022.

EAST Beijing

EAST Beijing is a 369-room lifestyle hotel at INDIGO in Beijing, in which the Company has a 50% interest. Occupancy and revenue per available room were severely affected by COVID-19 associated restrictions. The hotel was recognised as The Most Popular Hotel of the Year by CAAC Inflight Magazine.

The Temple House

The Temple House (in which the Company has a 65% interest after the completion of the acquisition of additional 15% interest in December 2022) has 100 hotel rooms and 42 serviced apartments at Sino-Ocean Taikoo Li Chengdu. Revenue per available room and occupancy declined due to COVID-19 associated restrictions. The hotel received award from Condé Nast Traveler as the number eleven of the Best Hotels in China and China Top 10 Hotels in the Gold List. The Mi Xun Spa was named Best Spiritual Spa Treatment of the Year in SpaChina Wellness and Spa Awards 2022, and China's Best Wellness Retreat 2022 in the World Spa Awards 2022. The Mi Xun Tea House was awarded with 1-star in the MICHELIN Guide Chengdu 2022.

The Middle House

The Middle House (in which the Company has 50% interest) has 111 hotel rooms and 102 serviced apartments at HKRI Taikoo Hui, Shanghai. Revenue per available room and occupancy declined in 2022 due to COVID-19 associated restrictions. The food and beverages businesses were also adversely affected. The hotel received awards from Condé Nast Traveler and TripAdvisor. Sui Tang Li restaurant was designated One-Diamond in the 2022 Black Pearl Restaurant Guide. Mi Xun Spa was named The Most Effective Treatment of the Year award in the SpaChina Wellness & Spa Awards 2022, and China's Best Wellness Retreat of 2022 in the World Spa Awards.

EAST Miami

EAST Miami at the Brickell City Centre development in Miami has 263 hotel rooms and 89 serviced apartments. The hotel was sold to a third party in October 2021. It continues to be managed by Swire Hotels. Its revenue per available room grew strongly in 2022. The hotel was included in the Condé Nast Traveler Gold List.

Restaurants

Swire Hotels operates restaurants in Hong Kong through its hotels. It also operates a standalone restaurant. The Upper House operates The Continental, a European restaurant, at Pacific Place. EAST Hong Kong operates Mr & Mrs Fox, a restaurant with an international menu, and PUBLIC café at Taikoo Place.

Hotel Portfolio (managed by Swire Hotels)

	No. of Rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
– The Upper House	117	100%
– EAST Hong Kong	331	100%
– Headland Hotel [1]	501	0%
Chinese Mainland		
– The Opposite House	99	100%
– EAST Beijing	369	50%
– The Temple House [2]	142	65%
– The Middle House [3]	213	50%
U.S.A.		
– EAST Miami [4]	352	0%
Total	**2,124**	

(1) Headland Hotel is owned by Airline Property Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.

(2) Comprising one hotel tower and one serviced apartment tower. In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest in The Temple House increased from 50% to 65% after the transaction.

(3) Comprising one hotel tower and one serviced apartment tower.

(4) EAST Miami (including serviced apartments in the hotel tower) is owned by a third party.

Non-managed Hotels

Overview

The Group has ownership interests in (but does not manage) hotels with 3,138 rooms in aggregate.

Hotel Portfolio (not managed by the Group)

	No. of Rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
– Island Shangri-La Hong Kong	557	20%
– JW Marriott Hotel Hong Kong	608	20%
– Conrad Hong Kong	513	20%
– Novotel Citygate Hong Kong [(1)]	440	26.67%
– The Silveri Hong Kong – MGallery [(1)]	206	26.67%
Chinese Mainland		
– Mandarin Oriental, Guangzhou [(2)]	287	97%
– The Sukhothai Shanghai	201	50%
U.S.A.		
– Mandarin Oriental, Miami	326	75%
Total	**3,138**	

(1) In March 2022, the Group acquired an additional 6.67% interest in the Citygate development. The Group's interests in Novotel Citygate Hong Kong and The Silveri Hong Kong – MGallery increased from 20% to 26.67% after the transaction.

(2) Including serviced apartments in the hotel tower.

The non-managed hotels in Hong Kong and the Chinese Mainland were adversely affected by COVID-19 related travel restrictions. The non-managed hotel in the U.S.A. performed better. Average room rates and occupancy were higher. The Mandarin Oriental, Guangzhou is a leading luxury hotel in Guangzhou. The Chinese restaurant at the hotel, Jiang by Chef Fei, obtained a 2-star Michelin award. The Sukhothai Shanghai is a luxury hotel in Shanghai. The Silveri Hong Kong – MGallery in Hong Kong opened in phases from the middle of 2022.

Hotels Market Outlook

The hotels in Hong Kong and the Chinese Mainland are expected to do better in 2023, following the reopening of the border in the Chinese Mainland and the removal of COVID-19 measures. The hotels in the U.S.A. are expected to perform strongly.

We are expanding our hotel management business, with a focus on extending our hotel brands outside Hong Kong through hotel management agreements.

Capital Commitments

Capital Expenditure and Commitments

Capital expenditure in 2022 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$3,246 million (2021: HK$3,281 million). Outstanding capital commitments at 31st December 2022 were HK$11,878 million (2021: HK$14,500 million), including the Group's share of the capital commitments of joint venture companies of HK$67 million (2021: HK$73 million).

Capital expenditure in 2022 on Chinese Mainland investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$4,879 million (2021: HK$1,010 million). Outstanding capital commitments at 31st December 2022 were HK$16,076 million (2021: HK$6,184 million), including the Group's share of the capital commitments of joint venture companies of HK$7,370 million (2021: HK$4,777 million). The Group is committed to funding HK$331 million (2021: HK$1,146 million) of the capital commitments of joint venture companies. In addition to this, the Group was committed to make a capital injection into a joint venture company of HK$421 million (2021: nil).

Capital expenditure in 2022 on investment properties and hotels in the U.S.A. amounted to HK$19 million (2021: HK$49 million). There were no outstanding capital commitments at 31st December 2022 and 2021.

Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Total Commitments[1]	Commitments relating to joint venture companies[2]
	2022 HK$M	2023 HK$M	2024 HK$M	2025 HK$M	2026 and later HK$M	At 31st December 2022 HK$M	At 31st December 2022 HK$M
Hong Kong	3,246	2,654	953	1,563	6,708	11,878	67
Chinese Mainland	4,879	3,731	4,186	3,796	4,363	16,076	7,370
U.S.A.	19	–	–	–	–	–	–
Total	8,144	6,385	5,139	5,359	11,071	27,954	7,437

(1) The capital commitments represent the Group's capital commitments of HK$20,517 million plus the Group's share of the capital commitments of joint venture companies of HK$7,437 million.

(2) The Group is committed to funding HK$331 million of the capital commitments of joint venture companies.

Development Highlights

Two Taikoo Place

Latest addition to the Taikoo Place Global Business District

Two Taikoo Place, completed in September 2022, is the latest addition to Swire Properties' HK$15 billion Taikoo Place Redevelopment Project to complement the community as it transforms into a Global Business District. Featuring 42 storeys of premium office space with a total area of around 1 million square feet, the triple Grade-A office tower has been designed and built to the highest sustainability standards, and has incorporated a broad array of best-in-class sustainability and wellness features.

Two Taikoo Place and One Taikoo Place will be linked to other office towers in the district by elevated walkways, opening up the ground level space for Taikoo Square and Taikoo Garden, totalling 70,000 square feet of landscaped gardens with cascading water features for the community to enjoy after their completion in 2023, in addition to more new F&B outlets with al fresco dining spaces.

SmartScore PLATINUM

WiredScore CERTIFIED

Completion year

2022

Number of floors

42

Total GFA

APPROXIMATELY 1 MILLION SQUARE FEET

Sustainability credits

PRE-CERTIFIED PLATINUM RATINGS FOR LEED, WELL AND BEAM PLUS

"PLATINUM" OF WIREDSCORE AND SMARTSCORE (HIGHEST CERTIFICATION LEVEL)

Development Highlights

ZHANGYUAN

Shanghai's Urban Regeneration Project

ZHANGYUAN, Shanghai's first urban regeneration project to implement protective expropriation and historical restoration, is operated and managed by a joint venture between Swire Properties and Shanghai Jing'an Real Estate (Group) Co., Ltd. In November 2022, ZHANGYUAN West Zone was officially opened to the public as the first phase.

Featuring well-preserved Shikumen heritage buildings and rich historical architectural forms in Shanghai, ZHANGYUAN has been reshaped into a high-quality "first urban public space", providing retail, commerce, office, hotel, residence, art museum and performing arts centre where Shanghai's citizens can work, relax, shop and be entertained.

Swire Properties' responsibilities in the ZHANGYUAN project extend to design, leasing, operational management and marketing. A host of luxury brands has been introduced and a diverse range of events, exhibitions and arts and cultural activities will take place in the area.

Phased Opening

From **2022**

Number of Shikumen Heritage Buildings

OVER 40
in more than 20 different styles

Total GFA

West: **208,700 SQUARE FEET** (aboveground)
East: **382,489 SQUARE FEET** (aboveground)
738,066 SQUARE FEET (underground)

Owner

SHANGHAI JING'AN URBAN REGENERATION CONSTRUCTION AND DEVELOPMENT CO., LTD
(A subsidiary of Shanghai Jing'an Real Estate (Group) Co. Ltd.)

Management Company

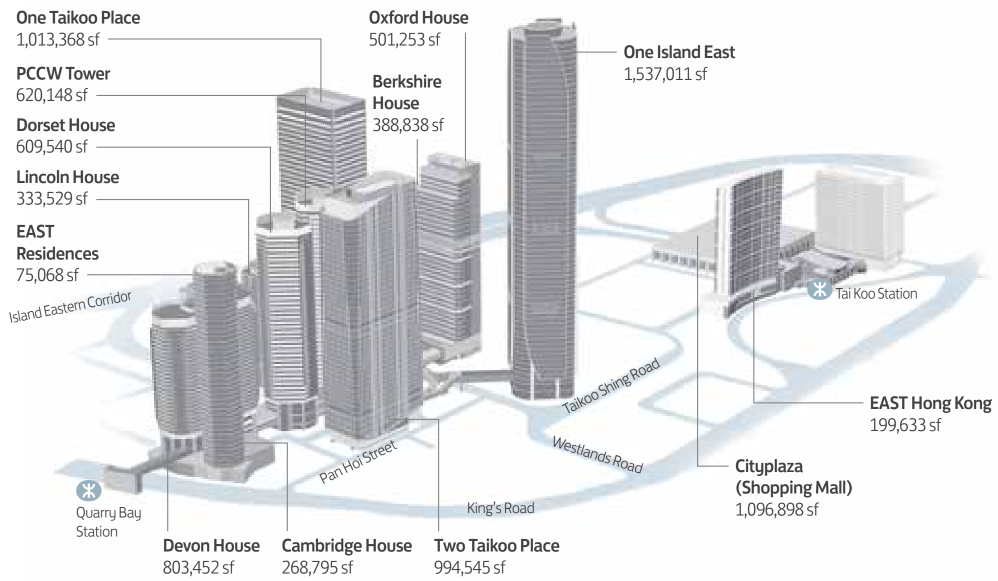
SHANGHAI KAIYE COMMERCIAL MANAGEMENT CO. LTD.
(A joint venture which Swire Properties has 60% interest and Shanghai Jing'an Real Estate (Group) Co. Ltd. has 40% interest)

Taikoo Li Sanlitun, Beijing

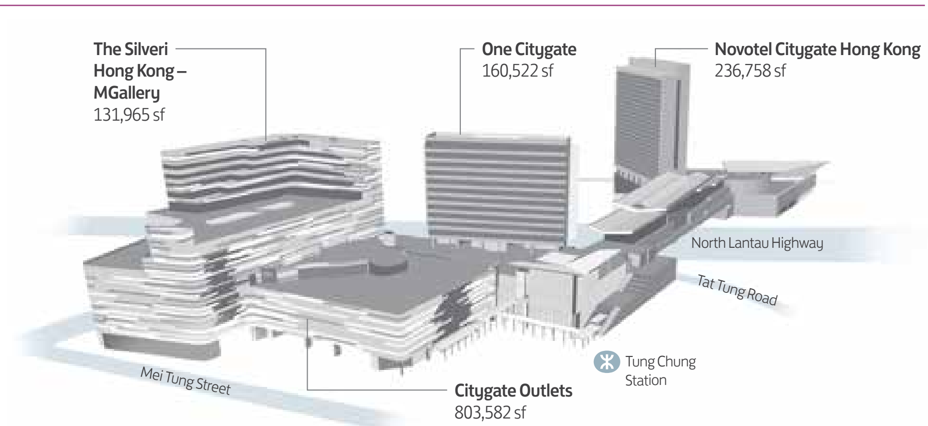

DOVER STREET MARKET BEIJING
DOVER STREET MARKET BEIJING
OUR Bakery
BAD FARMERS

HONG KONG

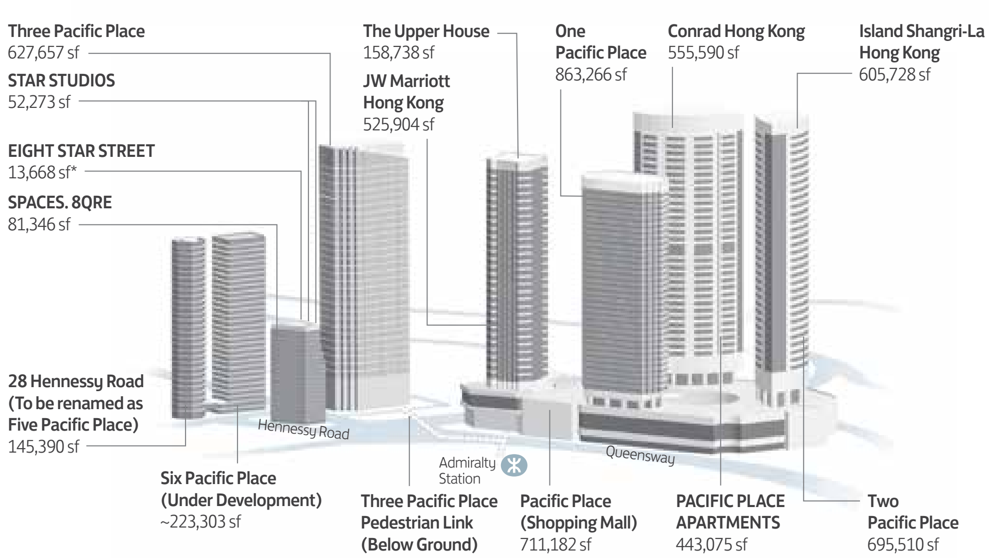
Taikoo Place and Cityplaza



Citygate



Pacific Place

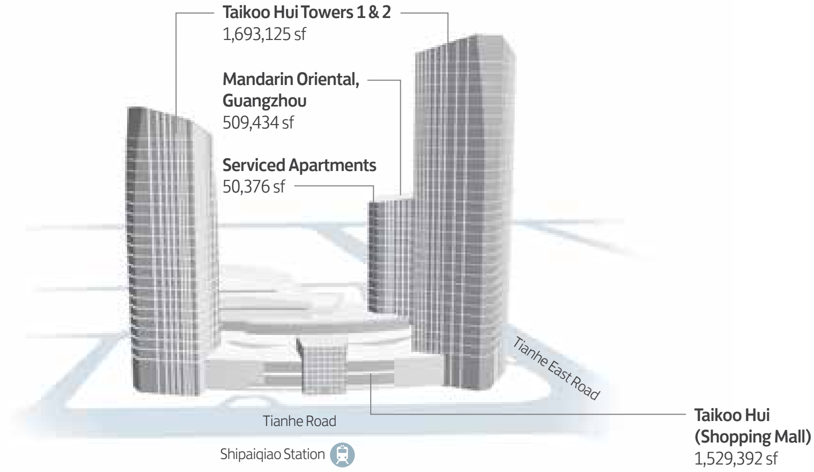


* Floor area shown including the gross floor area of remaining residential units of 10,817 sf.

CHINESE MAINLAND

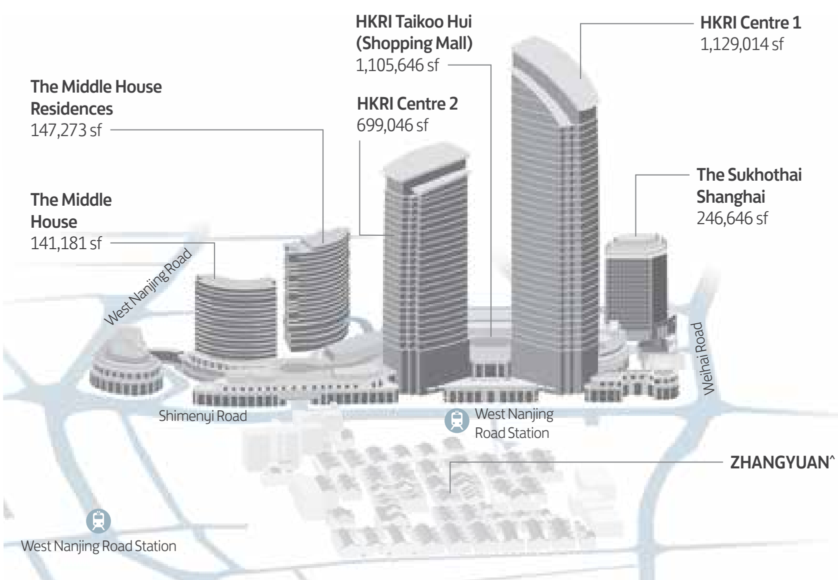
Taikoo Hui

GUANGZHOU



HKRI Taikoo Hui and ZHANGYUAN

SHANGHAI



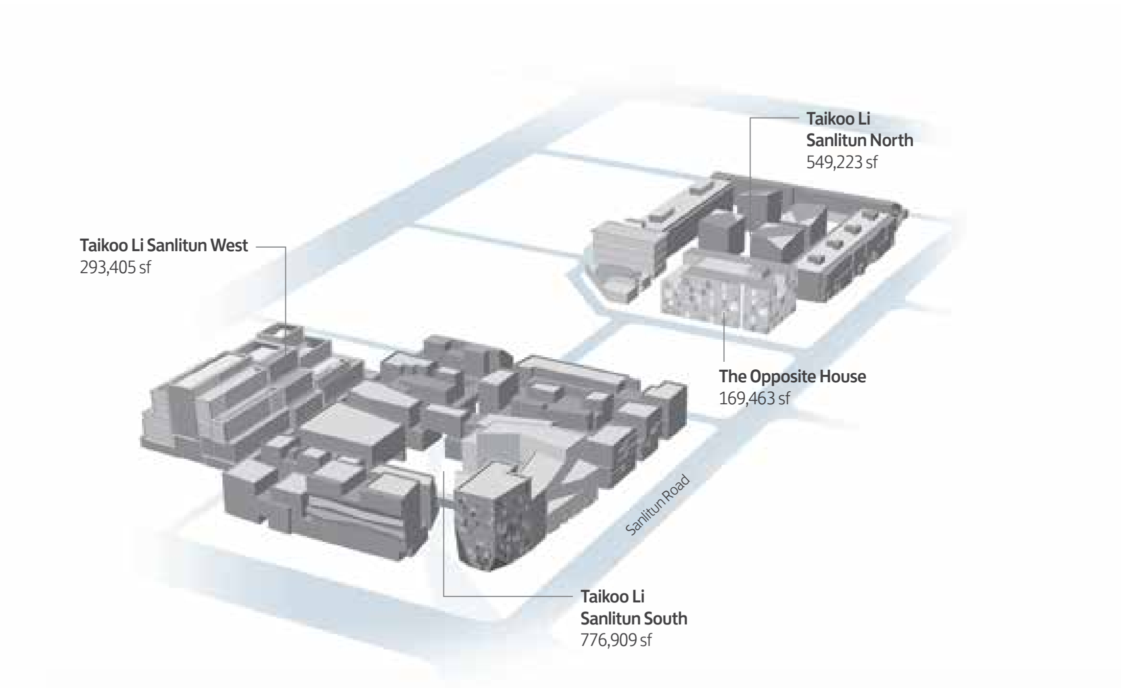
^ ZHANGYUAN, with gross floor area of 1,329,255 sf (including car parking spaces), is operated and managed by a joint venture which is 60% owned by Swire Properties. Swire Properties does not have an ownership interest in the compound.

INDIGO

BEIJING

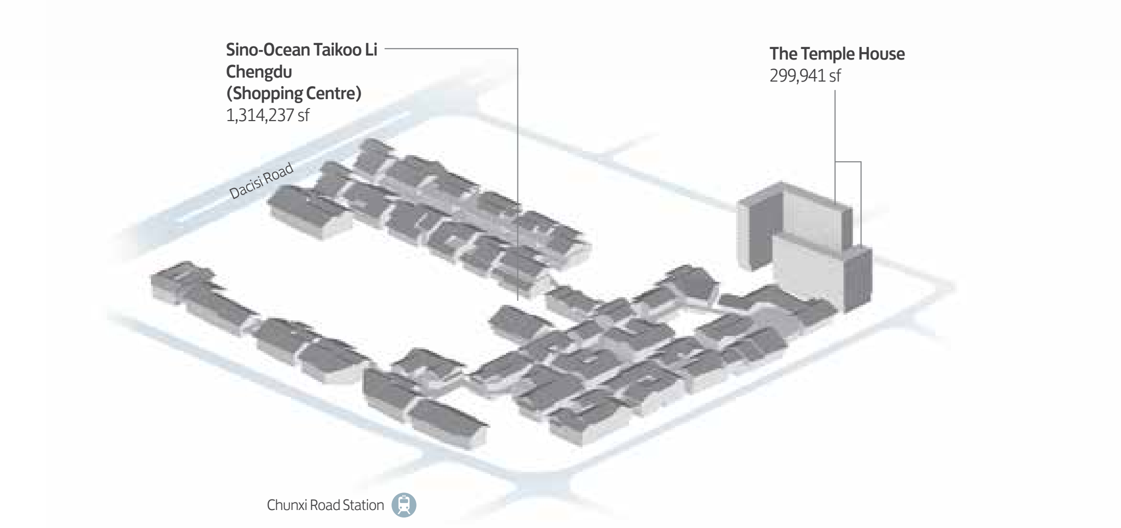
Taikoo Li Sanlitun

BEIJING



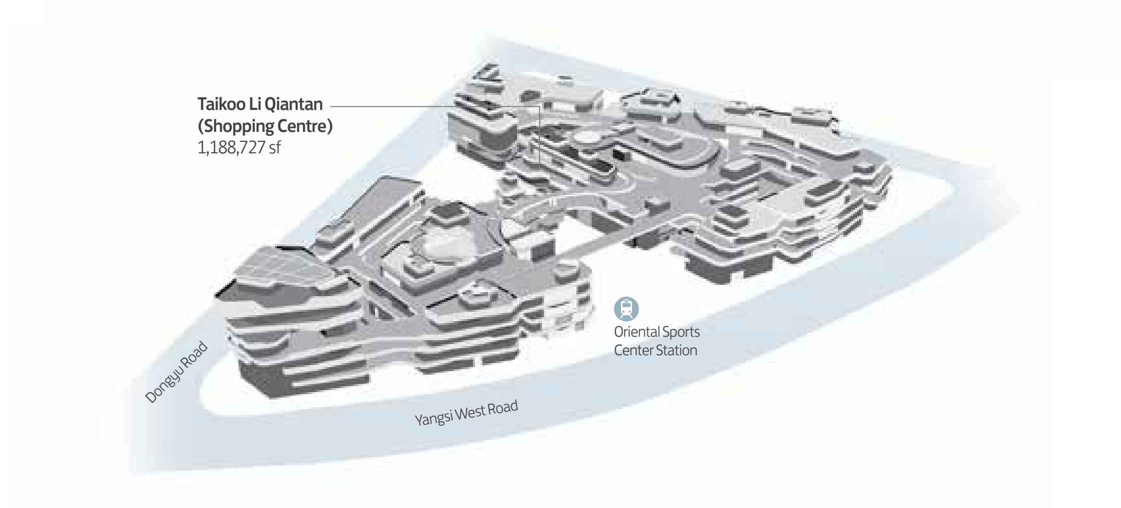
Sino-Ocean Taikoo Li Chengdu

CHENGDU



Taikoo Li Qiantan

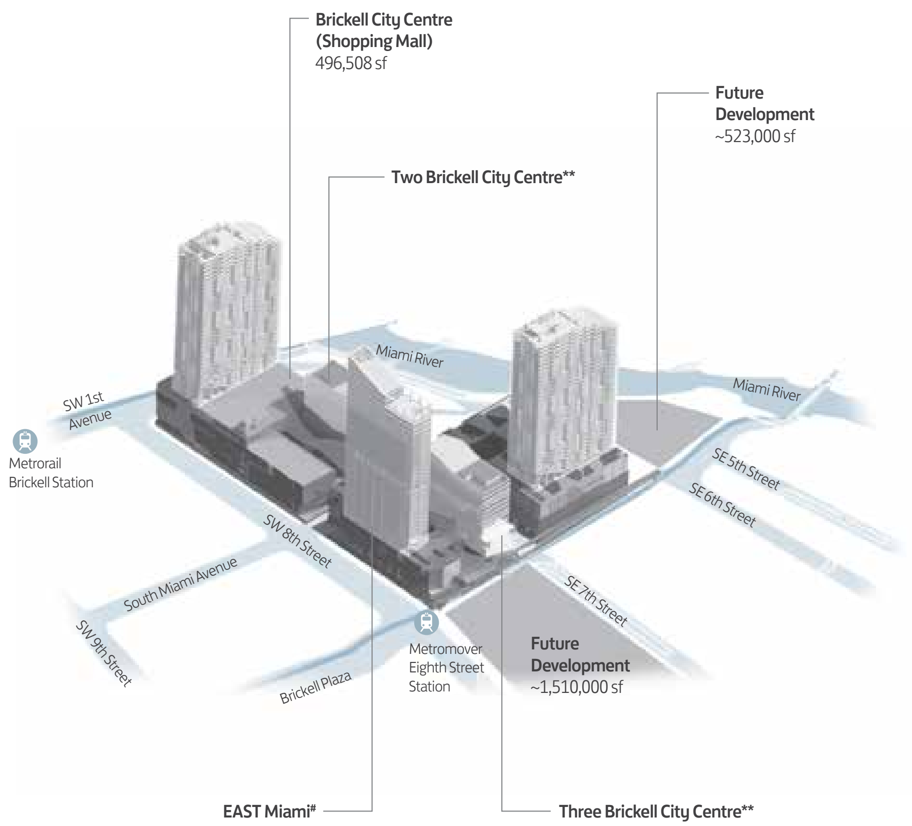
SHANGHAI



U.S.A.

Brickell City Centre

MIAMI, FLORIDA



** Two Brickell City Centre and Three Brickell City Centre were sold in 2020.
The office towers are now managed by Swire Properties.

EAST Miami was sold in 2021. The hotel and serviced apartments are still managed by Swire Hotels.

Notes:

Gross floor area figures are shown on a 100% basis.
These diagrams are not to scale and are for illustration purposes only.
These diagrams illustrate the major developments of Swire Properties. For details of other developments, please refer to the Schedule of Principal Group Properties on pages 204 to 214.

References are to "Notes to the Financial Statements" on pages 139 to 197.

Consolidated Statement of Profit or Loss

	2022 HK$M	2021 HK$M Restated	Reference
Revenue	**13,826**	16,318	Note 4

The decrease in revenue of HK$2,492 million compared to 2021 was principally due to lower revenue from property trading and hotels, and lower gross rental income from property investment.

Revenue from property trading decreased by HK$1,522 million from 2021. In 2022, revenue was recognised from the sale of 27 EIGHT STAR STREET units in Hong Kong and a property in Fort Lauderdale in Florida, U.S.A. In 2021, revenue was recognised from the sale of 20 EDEN units in Singapore and from 25 Reach units and 89 Rise units in Miami, U.S.A.

Revenue from hotels decreased by HK$329 million, mainly due to loss of hotel revenue from EAST Miami (which was disposed of in the second half of 2021) and lower hotel revenue in the Chinese Mainland as a result of COVID-19 related travel restriction.

Gross rental income from property investment decreased by HK$653 million. In Hong Kong, gross rental income decreased by HK$367 million mainly due to lower office rental income reflecting a weak office market with increased supply and economic uncertainty, and lower retail rental income which was suffered from disruption in the early part of 2022 by the fifth COVID-19 wave and related social distancing measures. In the Chinese Mainland, gross rental income decreased by HK$186 million, mainly reflecting the adverse impact from COVID-19 resurgence and depreciation of Renminbi, partly offset by a full year contribution from Taikoo Li Sanlitun West. In the U.S.A., gross rental income decreased, mainly due to loss of rental income from serviced apartments in Miami which was disposed of in the second half of 2021.

Consolidated Statement of Profit or Loss *(continued)*

	2022 HK$M	2021 HK$M Restated	Reference
Gross Profit Gross profit decreased by HK$994 million. Gross profit from property investment, property trading and hotels decreased by HK$576 million, HK$287 million and HK$131 million respectively. Gross profit from property investment decreased by HK$576 million, mainly due to lower profits from the office properties in Hong Kong and from the retail properties (reflecting in part the rental concessions given to retail tenants) in the Chinese Mainland. Gross profit from property trading reflected the recognition of profits on the sale of EIGHT STAR STREET units in Hong Kong and a property in Fort Lauderdale in Florida, U.S.A. Hotel business recorded a loss of HK$120 million in 2022 compared with a gross profit of HK$11 million in 2021, mainly due to loss of hotel revenue from EAST Miami in the U.S.A. and lower hotel revenue in the Chinese Mainland.	**9,523**	10,517	
Operating Profit The increase in operating profit of HK$1,190 million was principally due to a net valuation gain on investment properties in 2022 (compared with a net valuation loss in 2021), partly offset by lower profits from property investment and on sale of interests in investment properties in Hong Kong. A net valuation gain on investment properties of HK$801 million was recorded in 2022, compared with a net valuation loss of HK$1,947 million in 2021. Investment properties in Hong Kong recorded a net valuation loss of HK$1,127 million, principally due to lower rents. Investment properties in the Chinese Mainland recorded a net valuation gain of HK$1,539 million, principally due to a reduction of 25 to 50 basis points in the capitalisation rates applicable to certain investment properties in the portfolio. The investment properties at Brickell City Centre in Miami, U.S.A. recorded a valuation gain of HK$389 million, mainly due to higher rents. Administrative and selling expenses decreased by HK$175 million compared to 2021. The decrease principally reflected lower project related costs in 2022.	**9,024**	7,834	Notes 6 and 8(a)

Consolidated Statement of Profit or Loss *(continued)*

	2022 HK$M	2021 HK$M Restated	Reference
Net Finance Charges The reduction of HK$190 million principally reflected an increase in interest capitalised on investment properties and properties for sale in Hong Kong and the Chinese Mainland.	**187**	377	Note 10
Share of Profit Less Losses of Joint Venture Companies The decrease of HK$425 million principally reflected the reduction in net valuation gain of HK$304 million.	**1,443**	1,868	Note 8(a)
Taxation The increase of HK$101 million was principally due to an increase in deferred tax in relation to valuation gain in respect of investment properties in the Chinese Mainland and the U.S.A., and profit on the sale of property in the U.S.A.	**2,065**	1,964	Note 11
Profit Attributable to the Company's Shareholders The increase of HK$868 million reflected a net valuation gain on investment properties in 2022 (compared with a net valuation loss in 2021), partly offset by lower profits from property investment and on sales of interests in investment properties.	**7,980**	7,112	Note 8(a)

Consolidated Statement of Financial Position

	2022 HK$M	2021 HK$M Restated	Reference
Property, Plant and Equipment The decrease in property, plant and equipment was principally due to depreciation for the year and foreign exchange translation losses (principally in respect of leasehold buildings in the Chinese Mainland), partly offset by additions to plant and equipment.	**3,165**	3,381	Note 15
Investment Properties The increase in investment properties of HK$3,409 million was principally due to additions during the year (after netting off cost written back) of HK$7,321 million and a net valuation gain of HK$801 million, partly offset by foreign exchange translation losses of HK$3,449 million, the disposals of Taikoo Shing car parking spaces and a property in Tsing Yi, Hong Kong of HK$825 million, and the transfer of unsold Taikoo Shing car parking spaces of HK$474 million to assets classified as held for sale. The additions reflected capital expenditure at the Taikoo Place redevelopment, Taikoo Li Xi'an, and other projects in Hong Kong and the Chinese Mainland. The foreign exchange translation losses were principally in respect of investment properties in the Chinese Mainland.	**271,368**	267,959	Note 16
Joint Venture Companies and Loans Due from Joint Venture Companies The increase of HK$2,308 million principally reflected (i) increases in equity to joint venture companies, (ii) the Company's share of profits of joint venture companies (including valuation gains) and (iii) the acquisition of additional interests in joint venture companies, partly offset by (iv) the Company's share of foreign exchange translation losses in respect of joint venture companies in the Chinese Mainland and (v) movements in loans due from joint venture companies.	**39,862**	37,554	Note 20
Other Financial Assets at Amortised Cost The decrease of HK$522 million mainly reflected the reclassification of a deferred payment to trade and other receivables since it is due within one year.	**–**	522	Note 32
Properties For Sale The increase of HK$1,853 million principally reflected the acquisition cost of 269 Queen's Road East, Wan Chai and development expenditures of Chai Wan Inland Lot No. 178 in Hong Kong, partly offset by sales of units at EIGHT STAR STREET in Hong Kong and a property at Fort Lauderdale in Florida, U.S.A.	**8,264**	6,411	Note 23

Consolidated Statement of Financial Position *(continued)*

	2022 HK$M	2021 HK$M Restated	Reference
Trade and Other Receivables The increase of HK$614 million mainly reflected the reclassification of a deferred payment from other financial assets at amortised cost since it is due within one year.	**2,834**	2,220	Note 24
Assets Classified as Held For Sale This represents 1,078 car parking spaces at Taikoo Shing, Hong Kong.	**2,038**	1,740	Note 33
Trade and Other Payables The increase of HK$669 million principally reflected a payment obligation related to the acquisitions of joint venture companies, partly offset by a decrease in accrued capital expenditure and a decrease in interest-bearing advances from joint venture companies.	**10,008**	9,339	Note 27
Long-Term Loans and Bonds (including the component due within one year) The decrease of HK$1,766 million was principally due to the repayment of medium term notes, partly offset by the drawdown of bank loans in Hong Kong.	**22,835**	24,601	Note 29
Deferred Tax Liabilities The increase of HK$502 million principally reflected deferred tax in respect of valuation gains on investment properties in the Chinese Mainland and the U.S.A., partly offset by foreign exchange translation losses in the Chinese Mainland.	**11,248**	10,746	Note 31
Equity Attributable to the Company's Shareholders The decrease in equity attributable to the Company's shareholders represents the total comprehensive income for the year attributable to the Company's shareholders (HK$3,203 million), as reduced by dividends paid to the Company's shareholders.	**289,211**	291,624	Notes 35 and 36
Non-Controlling Interests The increase in non-controlling interests of HK$1,061 million mainly reflected capital contribution from an owner of non-controlling interest and profits earned by the owners of non-controlling interests, partly offset by foreign exchange translation losses in respect of entities in which there are non-controlling interests and dividends paid to the owners of non-controlling interests.	**3,047**	1,986	Note 38

Consolidated Statement of Cash Flows

	2022 HK$M	2021 HK$M	Reference
Cash Generated from Operations Cash generated from operations of HK$6,332 million principally comprised cash inflows from property investment of approximately HK$9,220 million and from property trading of approximately HK$803 million, partly offset by operating expenses of approximately HK$1,402 million and expenditure on properties for sale of approximately HK$2,194 million (after netting off contribution from a non-controlling interest).	**6,332**	7,028	Note 43(a)
Tax Paid The decrease principally reflected less tax paid in Hong Kong.	**1,127**	1,635	
Purchase of Property, Plant and Equipment The decrease principally reflected less additions of plant and equipment in Hong Kong.	**133**	180	Note 43(b)
Additions of Investment Properties The amount in 2022 principally reflected capital expenditure on the Taikoo Place redevelopment, Taikoo Li Xi'an and on other projects in Hong Kong and the Chinese Mainland.	**7,096**	3,860	
Proceeds from Disposal of Subsidiary Companies, Net of Cash Disposed of The amount in 2022 reflected the proceeds from disposal of subsidiary company holding certain properties in Hong Kong.	**1,060**	212	Note 43(c)
Proceeds from Disposal of Property, Plant and Equipment and Investment Properties The amount in 2022 reflected the proceeds from sales of Taikoo Shing car parking spaces in Hong Kong.	**609**	3,758	
Purchase of Shares in Joint Venture Companies, Equity and Loans (Net of Repayment) to Joint Venture Companies The amount in 2022 principally reflected purchase of shares and equity injected in joint venture companies of HK$1,720 million and HK$1,123 million respectively and net movements of loans with joint venture companies.	**2,034**	4,160	
Repayment of Loans, Bonds and Lease Liabilities (Net of Loans Drawn and Refinancing) The amount in 2022 principally reflected the repayment of medium term notes, partly offset by the drawdown of bank loans in Hong Kong.	**1,838**	2,856	

Investment Appraisal and Performance Review

	Net Assets Employed		Capital Commitments[1]	
	2022 HK$M	2021 HK$M Restated	**2022 HK$M**	2021 HK$M
Property investment	**293,752**	288,246	**27,402**	20,276
Property trading	**11,612**	9,637	**–**	–
Hotels	**5,841**	6,061	**552**	408
Total net assets employed	**311,205**	303,944	**27,954**	20,684
Less: net debt	**(18,947)**	(10,334)		
Less: non-controlling interests	**(3,047)**	(1,986)		
Equity attributable to the Company's shareholders	**289,211**	291,624		

	Equity Attributable to the Company's Shareholders[2]		Return on Average Equity Attributable to the Company's Shareholders[2]	
	2022 HK$M	2021 HK$M Restated	**2022**	2021 Restated
Property investment	**279,688**	281,050	**2.9%**	2.4%
Property trading	**3,992**	4,771	**3.9%**	13.3%
Hotels	**5,531**	5,803	**-6.0%**	-5.2%
Total	**289,211**	291,624	**2.7%**	2.5%

(1) The capital commitments represent the Group's capital commitments plus the Group's share of the capital commitments of joint venture companies.

(2) Refer to Glossary on page 215 for definitions.

FINANCING

- Capital Structure
- Medium Term Note Programme
- Changes in Financing
- Net Debt
- Sources of Finance
  – Loans and Bonds
  – Bank Balances and Short-term Deposits
- Maturity Profile and Refinancing
- Currency Profile
- Finance Charges
- Gearing Ratio and Interest Cover
- Capital Management
- Attributable Net Debt
- Debt in Joint Venture and Associated Companies

Capital Structure

The Group aims to maintain a capital structure which enables it to invest in and finance projects in a disciplined and targeted manner.

The Group's primary objectives when managing capital are to safeguard the Group's ability to operate as a going concern, so that it can continue to provide returns for shareholders, and to secure access to finance at a reasonable cost.

The Group considers a number of factors in monitoring its capital structure, which principally include the gearing ratio, cash interest cover and the return cycle of its investments.

Medium Term Note Programme

In 2012, Swire Properties MTN Financing Limited, a wholly-owned subsidiary of the Company, established a US$3 billion Medium Term Note ("MTN") Programme. The aggregate nominal amount of the MTN Programme was increased to US$4 billion in 2017. Notes issued under the MTN Programme are unconditionally and irrevocably guaranteed by the Company. At 31st December 2022, the MTN Programme was rated A by Fitch and (P)A2 by Moody's, in each case in respect of notes with a maturity of more than one year.

The MTN Programme enables the Group to raise money directly from the capital markets. Under the MTN Programme, notes may be issued in US dollars or in other currencies, in various amounts and for various tenors.

Changes in Financing

Audited Financial Information

During the year, the Group raised approximately HK$15,309 million. This comprised:

- term and revolving loan facilities aggregating HK$11,800 million
- refinancing of term and revolving loan facilities aggregating US$450 million

During the year, the Group made various repayments of debt. This comprised:

- repayment and prepayment of term and revolving loan facilities aggregating HK$5,110 million
- repayment of medium term notes of US$500 million

	Loans and bonds				
	due within one year HK$M	due after one year HK$M	Lease liabilities HK$M	Total 2022 HK$M	2021 HK$M
At 1st January	9,000	15,601	566	25,167	27,837
Loans drawn and refinanced	500	6,737	–	7,237	1,400
Bonds matured	(3,899)	–	–	(3,899)	(300)
Repayment of loans	(5,110)	–	–	(5,110)	(3,884)
New leases arranged during the year	–	–	160	160	51
Principal elements of lease payments	–	–	(66)	(66)	(72)
Reclassification	199	(199)	–	–	–
Currency adjustment	1	1	(46)	(44)	99
Other non-cash movements	9	(5)	–	4	36
At 31st December	700	22,135	614	23,449	25,167

Net Debt

Audited Financial Information

Net debt at 31st December 2022 was HK$18,947 million, compared with HK$10,334 million at 31st December 2021. The increase in net debt principally reflected capital and development expenditure in Hong Kong and the Chinese Mainland.

The Group's borrowings are principally denominated in Hong Kong dollars and US dollars. Outstanding borrowings at 31st December 2022 and 2021 were as follows:

	2022 HK$M	2021 HK$M
Borrowings included in non-current liabilities		
Bank borrowings – unsecured	7,311	588
Bonds – unsecured	14,824	15,013
Borrowings included in current liabilities		
Bank borrowings – unsecured	500	5,102
Bonds – unsecured	200	3,898
Total borrowings	22,835	24,601
Lease liabilities		
Included in non-current liabilities	535	517
Included in current liabilities	79	49
Less: short-term deposits and bank balances	4,502	14,833
Net debt	18,947	10,334

Sources of Finance

Audited Financial Information

At 31st December 2022, committed loan facilities and debt securities amounted to HK$32,870 million, of which HK$9,890 million (30%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$400 million. Sources of funds at 31st December 2022 comprised:

	Available HK$M	Drawn HK$M	Undrawn Expiring Within One Year HK$M	Undrawn Expiring After One Year HK$M
Facilities from third parties				
Term loans	5,069	3,479	–	1,590
Revolving loans	12,740	4,440	–	8,300
Bonds	15,061	15,061	–	–
Total committed facilities	32,870	22,980	–	9,890
Uncommitted facilities				
Bank loans and overdrafts	400	–	400	–
Total	33,270	22,980	400	9,890

Note:
The figures above are stated before unamortised loan fees of HK$145 million.

i) Loans and Bonds

Audited Financial Information

For accounting purposes, loans and bonds are classified as follows:

	2022			2021		
	Drawn, Before Unamortised Loan Fees HK$M	Unamortised Loan Fees HK$M	Carrying Value HK$M	Drawn, Before Unamortised Loan Fees HK$M	Unamortised Loan Fees HK$M	Carrying Value HK$M
Long-term loans and bonds at amortised cost						
– unsecured	22,980	(145)	22,835	24,668	(67)	24,601
Less: amount due within one year included under current liabilities	700	–	700	9,008	(8)	9,000
	22,280	(145)	22,135	15,660	(59)	15,601

ii) Bank Balances and Short-term Deposits

The Group had bank balances and short-term deposits of HK$4,502 million at 31st December 2022, compared to HK$14,833 million at 31st December 2021.

Maturity Profile and Refinancing

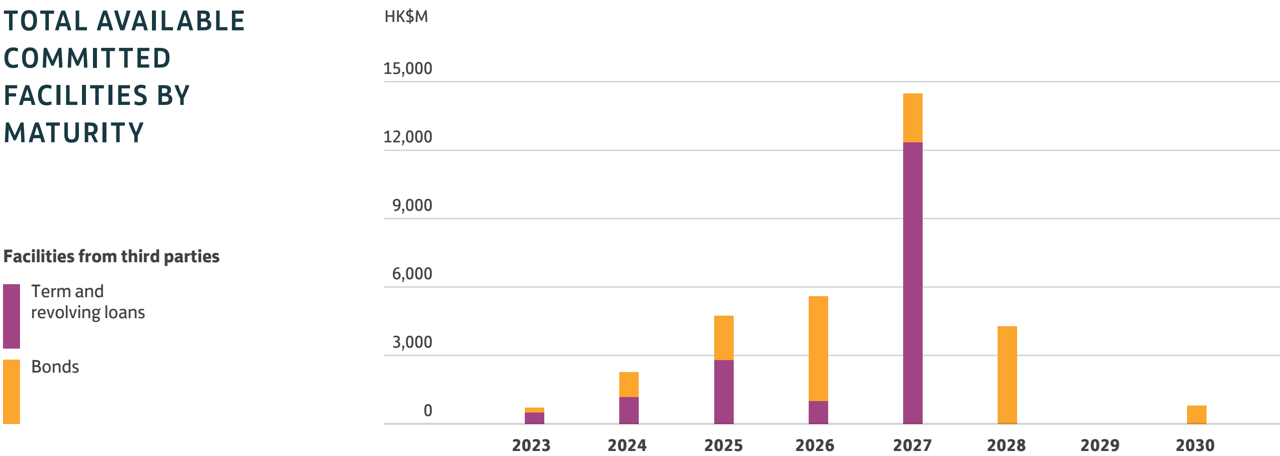
Bank loans and other borrowings are repayable on various dates up to 2030 (2021: up to 2030). The weighted average term and cost of the Group's debt are:

	2022	2021
Weighted average term of debt	**3.9 years**	3.0 years
Weighted average cost of debt	**3.2%**	3.0%

Note:
The weighted average cost of debt above is stated on gross debt basis.

The maturity profile of the Group's available committed facilities is set out below:

TOTAL AVAILABLE COMMITTED FACILITIES BY MATURITY



Audited Financial Information

The table below sets forth the maturity profile of the Group's borrowings:

	2022		2021	
	HK$M		HK$M	
Bank borrowings and bonds from third parties due				
Within 1 year	**700**	**3%**	9,000	37%
1-2 years	**1,875**	**8%**	199	1%
2-5 years	**15,195**	**67%**	8,207	33%
After 5 years	**5,065**	**22%**	7,195	29%
Total	**22,835**	**100%**	24,601	100%
Less: Amount due within one year included under current liabilities	**700**		9,000	
Amount due after one year included under non-current liabilities	**22,135**		15,601	

Currency Profile

Audited Financial Information

An analysis of the carrying amounts of gross borrowings by currency (after cross-currency swaps) is shown below:

	2022		2021	
	HK$M		HK$M	
Currency				
Hong Kong dollars	**19,740**	**86%**	20,747	84%
United States dollars	**3,095**	**14%**	3,854	16%
Total	**22,835**	**100%**	24,601	100%

Finance Charges

Audited Financial Information

An analysis of outstanding borrowings by reference to whether they bear interest at fixed or floating rates is shown below:

	2022		2021	
	HK$M		HK$M	
Fixed	**15,061**	**66%**	20,518	83%
Floating	**7,919**	**34%**	4,150	17%
Sub-total	**22,980**	**100%**	24,668	100%
Less: Unamortised loan fee	**145**		67	
Total	**22,835**		24,601	

The exposure of the Group's borrowings to fixed and floating interest rates can be illustrated as follows:

		Fixed Interest Rates Maturing in:			
	Floating Interest Rates HK$M	1 Year or Less HK$M	1 to 5 Years HK$M	Over 5 Years HK$M	Total HK$M
At 31st December 2022	**7,811**	**200**	**9,759**	**5,065**	**22,835**
At 31st December 2021	4,132	5,456	7,818	7,195	24,601

Audited Financial Information *(continued)*

Interest charged and earned during the year was as follows:

	2022 HK$M	2021 HK$M
Interest charged on:		
Bank loans and overdrafts	**158**	61
Bonds	**559**	651
Interest-bearing advances from joint venture companies	**16**	9
Lease liabilities	**19**	18
Net fair value (gains)/losses on derivative instruments		
Cash flow hedges – transferred from other comprehensive income	**(13)**	14
Cross-currency swaps not qualifying as hedges	**1**	1
Other financing costs	**109**	131
	849	885
Losses on the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	**66**	64
Capitalised on:		
Investment properties	**(370)**	(293)
Properties for sale	**(186)**	(49)
	359	607
Interest income on:		
Short-term deposits and bank balances	**(105)**	(135)
Loans to joint venture and associated companies	**(51)**	(79)
Others	**(16)**	(16)
	(172)	(230)
Net finance charges	**187**	377

The capitalised interest rates on funds both borrowed generally and used for the development of investment properties and properties for sale were between 2.9% and 3.7% per annum (2021: 3.3% and 3.4% per annum).

The amount transferred from other comprehensive income in respect of cash flow hedges in 2022 includes HK$12 million (2021: HK$4 million) relating to currency basis.

The interest rates per annum (after cross-currency swaps) at 31st December were as follows:

	2022		2021	
	HKD %	USD %	HKD %	USD %
Long-term loans and bonds	**2.3-5.7**	**5.1-5.2**	0.8-4.4	0.8-2.9

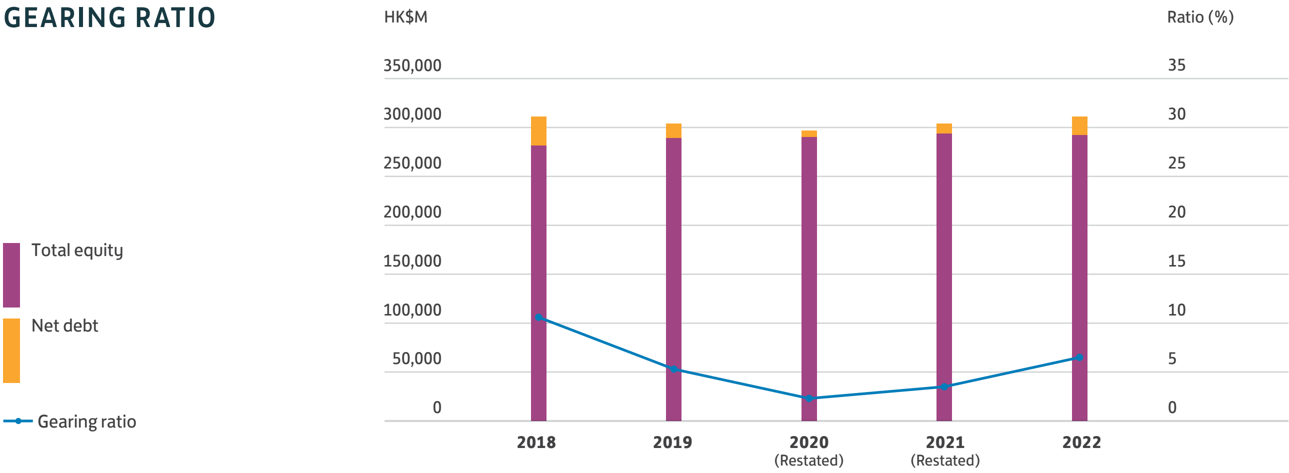
Audited Financial Information *(continued)*

Benchmark interest rates like London interbank offered rate (LIBOR) are being replaced. The cash flows of the Company and its subsidiaries primarily affected are those associated with US dollar denominated variable interest rate facilities which reference LIBOR. These facilities had principal amounts equivalent in aggregate to HK$2,339 million at 31st December 2022. The uncertainty arising from the Group's exposure to interbank offered rates (IBOR) will cease in 2023. Other variable interest rate facilities of the Company and its subsidiaries are not referenced to rates which are being replaced.

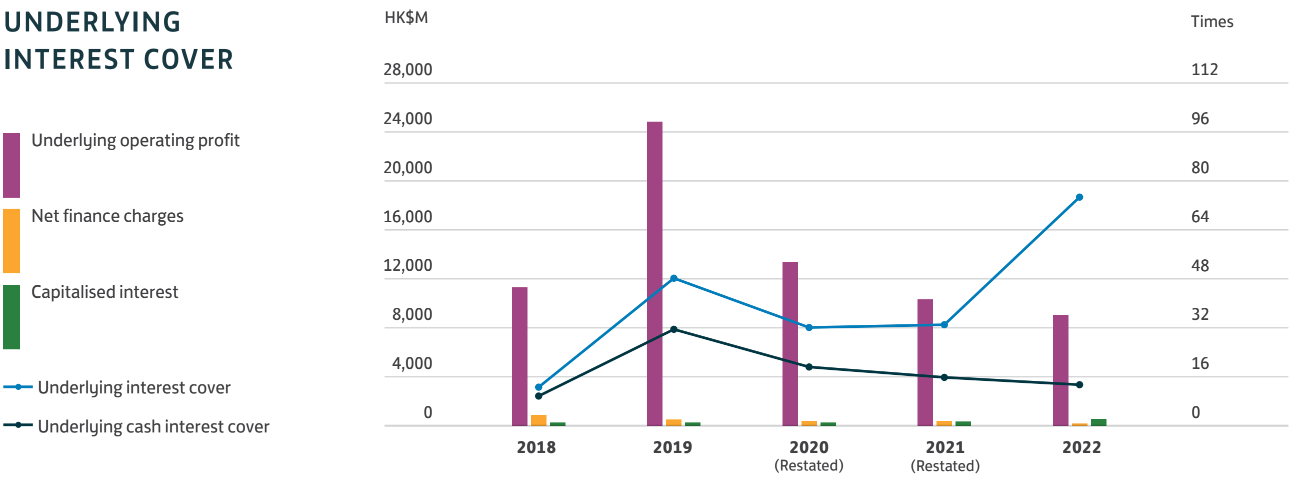
Gearing Ratio and Interest Cover

The following graphs illustrate the gearing ratio and underlying interest cover for each of the last five years:

GEARING RATIO



UNDERLYING INTEREST COVER



	2022	2021 Restated
Gearing ratio [1]	**6.5%**	3.5%
Interest cover – times [1]		
Per financial statements	**48.3**	20.8
Underlying	**74.7**	33.0
Cash interest cover – times [1]		
Per financial statements	**12.1**	10.9
Underlying	**13.4**	15.8

(1) Refer to Glossary on page 215 for definitions.

Capital Management

Audited Financial Information

The Group's primary objectives when managing capital are to safeguard the Group's ability to operate as a going concern, so that it can continue to provide returns for shareholders, and to secure access to finance at a reasonable cost.

The Group considers a number of factors in monitoring its capital structure, which principally include the gearing ratio, cash interest cover and the return cycle of its investments. For the purpose of the gearing ratio, the Group defines net debt as total borrowings and lease liabilities less short-term deposits and bank balances. Capital comprises total equity, as shown in the consolidated statement of financial position.

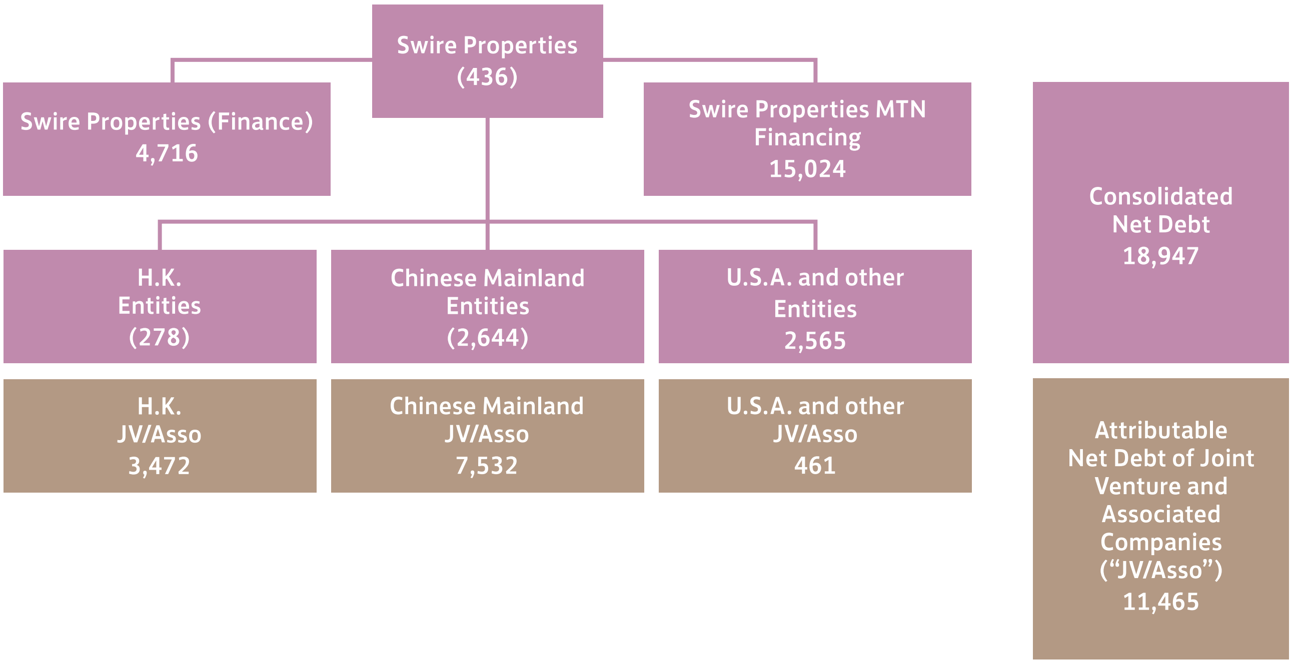
In order to maintain or adjust the gearing ratio, the Group may adjust the amount of dividends paid to shareholders, repurchase shares, raise new debt financing or sell assets to reduce debt. The gearing ratios at 31st December 2022 and 31st December 2021 were as follows:

	2022 HK$M	2021 HK$M Restated
Total borrowings	**22,835**	24,601
Lease liabilities	**614**	566
Less: Short-term deposits and bank balances	**4,502**	14,833
Net debt	**18,947**	10,334
Total equity	**292,258**	293,610
Gearing ratio	**6.5%**	3.5%

The Group has given certain covenants under facilities from third-parties, including maintenance of a minimum amount of tangible net worth. The Group has significant headroom on all covenants, and does not expect any breach in the foreseeable future.

Attributable Net Debt

The chart below illustrates, by entity, the Group's attributable net debt (in HK$ million):



Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of the Group reported in the consolidated statement of financial position does not include the net debt of its joint venture and associated companies. These companies had the following net debt positions at the end of 2022 and 2021:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by the Group	
	2022 HK$M	2021 HK$M	**2022 HK$M**	2021 HK$M	**2022 HK$M**	2021 HK$M
Hong Kong Entities	**10,402**	10,033	**3,472**	3,406	**2,408**	2,265
Chinese Mainland Entities	**15,171**	16,629	**7,532**	7,936	**1,203**	904
U.S.A. and other Entities	**542**	317	**461**	396	**570**	474
Total	**26,115**	26,979	**11,465**	11,738	**4,181**	3,643

If the attributable portion of the net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 10.4%.

Corporate Governance & Sustainability

Taikoo Hui, Guangzhou

Sino-Ocean Taikoo Li Chengdu

Corporate and Governance Culture

Swire Properties is committed to ensuring that its affairs are conducted in accordance with its corporate and governance culture and values of integrity, originality, excellence, humility, teamwork, continuity and high ethical standards, which form a coherent set of principles that are relevant across the Company's business and underpin everything it does. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, Swire Properties believes that shareholder value will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders
- that the interests of those who deal with the Company are safeguarded
- that overall business risk is understood and managed appropriately
- the delivery of high-quality products and services to the satisfaction of customers
- that high standards of ethics are maintained and
- sustainable development of the business and the communities in which the Company operates with a view to create long-term value

The Board provides guidance to management by defining the purpose, values and strategic direction of the Group, and plays an important role in establishing and instilling a culture that reinforces the values of acting lawfully, ethically and responsibly. The Company's Corporate Code of Conduct ensures that the corporate culture and expected behaviours are clearly communicated to everyone in the Group. Appropriate policies and procedures are in place to promote and reinforce the need for employees and others who deal with the Company to act with honesty and integrity and to raise concerns about actual or suspected cases of impropriety. Indicators used for assessing and monitoring social and corporate governance-related data (including staff turnover rates, whistleblowing data, employee surveys and breaches of the Company's Corporate Code of Conduct) are set out in the Sustainable Development Report 2022 of the Company. The Group offers competitive remuneration and benefits designed to attract, motivate and retain talented people at all levels. Having regard to the corporate culture reflected in the policies and practices of the Group, the Board is satisfied that the purpose, values and strategic directions of the Group are aligned with its culture.

Corporate Governance Statement

The Corporate Governance Code (the "CG Code") as published by The Stock Exchange of Hong Kong Limited sets out the principles of good corporate governance and provides two levels of recommendation:

- code provisions, with which issuers are expected to comply, but with which they may choose not to comply, provided they give considered reasons and explanations for non-compliance
- recommended best practices, with which issuers are encouraged to comply, but which are provided for guidance only

The Company supports the principles-based approach of the CG Code and the flexibility this provides for the adoption of corporate policies and procedures which recognise the individuality of companies. Swire Properties has adopted its own corporate governance code which is available on its website (www.swireproperties.com). Corporate governance does not stand still; it evolves with the business and operating environment. The Company is always ready to learn and adopt best practices.

The Company complied with all the code provisions set out in the CG Code contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year covered by the annual report.

The Board of Directors

Role of the Board

The Company is governed by a Board of Directors, which has responsibility for strategic leadership and control of the Group designed to maximise shareholder value, while taking due account of the interests of those with whom the Group does business and others.

Responsibility for achieving the Company's objectives and running the business on a day-to-day basis is delegated to management. The Board exercises a number of reserved powers which include:

- maintaining and promoting the culture of the Company
- formulation of long-term strategy
- approving public announcements, including financial statements
- committing to major acquisitions, divestments and capital projects
- authorising significant changes to the capital structure and material borrowings
- any issue, or buy-back, of equity securities under the relevant general mandates
- approving treasury policy
- setting dividend policy
- approving appointments to the Board
- ensuring that appropriate management development and succession plans are in place
- setting the Group remuneration policy
- approving annual budgets and forecasts
- reviewing operational and financial performance
- reviewing the effectiveness of the Group's risk management and internal control systems
- ensuring the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting and environmental, social and governance ("ESG") functions
- overseeing sustainable development matters

To assist it in fulfilling its duties, the Board has three primary committees, the Audit Committee (see pages 103 to 104), the Nomination Committee (see pages 100 to 101) and the Remuneration Committee (see page 101).

Chairman and Chief Executive

The CG Code requires that the roles of Chairman and Chief Executive be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who run the business.

G.M.C. Bradley, the Chairman, is responsible for:

- leadership of the Board
- setting its agenda and taking into account any matters proposed by other Directors for inclusion in the agenda
- facilitating effective contributions from and dialogue with all Directors and constructive relations between them
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that they receive accurate, timely and clear information
- obtaining consensus amongst the Directors
- ensuring, through the Board, that good corporate governance practices and procedures are followed

T.J. Blackburn, the Chief Executive, is responsible for implementing the policies and strategies set by the Board in order to ensure the successful day-to-day management of the Group's business.

Throughout the year, there was a clear division of responsibilities between the Chairman and the Chief Executive.

Board Composition

The Board is structured with a view to ensuring it is of a high calibre and has a balance of skills, experience and diversity of perspectives appropriate to the Company's business so that it works effectively as a team, and that individuals or groups do not dominate any decision-making.

The Board comprises the Chairman, three other Executive Directors and nine Non-Executive Directors. Their biographical details are set out in the section of this annual report headed Directors and Officers and are posted on the Company's website.

T.J. Blackburn, G.M.C. Bradley, F.N.Y. Lung, M.S.C. Ma and M.J. Murray are directors and/or employees of the John Swire & Sons Limited ("Swire") group. N.A.H. Fenwick and M.B. Swire are shareholders, directors and/or employees of and R.S.K. Lim is an adviser to the Swire group.

The Non-Executive Directors bring independent advice, judgement and, through constructive challenge, scrutiny of executives and review of performance and risks. The Audit, Nomination and Remuneration Committees of the Board comprise only Non-Executive Directors.

The Board considers that five of the nine Non-Executive Directors are independent in character and judgement and fulfil the independence guidelines set out in Rule 3.13 of the Listing Rules. S.T. Fung has served as an Independent Non-Executive Director for more than nine years. The Directors are of the opinion that he remains independent, notwithstanding his length of tenure. S.T. Fung continues to demonstrate the attributes of an Independent Non-Executive Director noted above and there is no evidence that his tenure has had any impact on his independence. The Board believes that his detailed knowledge and experience of the Group's business and his external experience continue to be of significant benefit to the Company, and that he maintains an independent view of its affairs.

Confirmation has been received from all Independent Non-Executive Directors that they are independent as set out in Rule 3.13 of the Listing Rules. None of the Independent Non-Executive Directors holds cross-directorships or has significant links with other Directors through involvements in other companies or bodies.

The Independent Non-Executive Directors:

- provide open and objective challenge to management and other Board members
- raise intelligent questions and challenge constructively and with vigour
- bring outside knowledge of the businesses and markets in which the Group operates, providing informed insight and responses to management

The number of Independent Non-Executive Directors represents at least one-third of the Board of Directors.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-Executive Directors to be independent.

The Company has in place effective mechanisms to ensure that independent views and input are available to the Board. The Nomination Committee, a majority of which is comprised of Independent Non-Executive Directors, assesses the suitability and independence of potential candidates to be appointed as Independent Non-Executive Directors and reviews the independence of each Independent Non-Executive Director annually. The Independent Non-Executive Directors meet with the Chairman at least once annually without the presence of other Directors and they can interact with management and other Directors including the Chairman through formal and informal means. Independent professional advice is also available to all Directors whenever necessary. A review of these mechanisms is conducted on an annual basis to ensure their effectiveness.

Responsibilities of Directors

On appointment, the Directors receive information about the Group including:

- the role of the Board and the matters reserved for its attention
- the role and terms of reference of Board Committees
- the Group's corporate governance practices and procedures
- the powers delegated to management and
- the latest financial information

Directors update their skills, knowledge and understanding of the Company's businesses through their participation at meetings of the Board and its committees and through regular meetings with management at the head office and in the divisions. Directors are regularly updated by the Company Secretary on their legal and other duties as Directors of a listed company.

Through the Company Secretary, Directors are able to obtain appropriate professional training and advice.

Each Director ensures that he/she can give sufficient time and attention to the affairs of the Group. All Directors disclose to the Board on their first appointment their interests as a Director or otherwise in other companies or organisations and such declarations of interests are updated regularly. No Director was a director of more than two other listed companies (excluding the Company) at 31st December 2022.

OTHER LISTED COMPANY DIRECTORSHIP(S)

Details of Directors' other appointments are shown in their biographies in the section of this annual report headed Directors and Officers.

Board Processes

All committees of the Board follow the same processes as the full Board.

The dates of the 2022 Board meetings were determined in 2021 and any amendments to this schedule were notified to Directors at least 14 days before regular meetings. Appropriate arrangements are in place to allow Directors to include items in the agenda for regular Board meetings.

The Board met seven times in 2022, including two strategy sessions. The attendance of individual Directors at meetings of the Board and its committees is set out in the table on page 96. Attendance at Board meetings was 100%. All Directors attended Board meetings in person or through electronic means of communication during the year.

Agendas and accompanying Board papers are circulated with sufficient time to allow the Directors to prepare before meetings.

The Chairman takes the lead to ensure that the Board acts in the best interests of the Company, that there is effective communication with the shareholders and that their views are communicated to the Board as a whole.

Board decisions are made by vote at Board meetings and supplemented by the circulation of written resolutions between Board meetings.

Minutes of Board meetings are taken by the Company Secretary and, together with any supporting papers, are made available to all Directors. The minutes record the matters considered by the Board, the decisions reached, and any concerns raised or dissenting views expressed by Directors. Draft and final versions of the minutes are sent to all Directors for their comment and records respectively.

Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings.

A typical Board meeting would consist of:

- review of the health and safety performance
- review of the operating environment for the business and of the most recent financial results and outlook
- review of the development progress of new investments
- review and discussion of longer term financial plans, including a discussion of capital allocation and investment plans
- presentation of papers to support decisions requiring Board approval
- an update on sustainability and ESG matters
- an update of legal and compliance matters for the Board's consideration
- any declarations of interest

Directors meet at least once annually to discuss the Company's strategy, including investment and divestment plans and other strategic initiatives. The strategy sessions also serve as platforms for raising new initiatives and ideas.

The executive management provides the Board with such information and explanations as are necessary to enable Directors to make an informed assessment of the financial and other information put before the Board. Queries raised by Directors are answered fully and promptly.

When necessary, the Independent Non-Executive Directors meet privately to discuss matters which are their specific responsibility.

The Chairman meets at least annually with the Independent Non-Executive Directors without the presence of other Directors.

	Meetings Attended/Held					Continuous Professional Development
Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**2022 Annual General Meeting**	**Type of Training (Notes)**
Executive Directors						
G.M.C. Bradley – Chairman	7/7				√	A, B
T.J. Blackburn	7/7				√	A, B
F.N.Y. Lung	7/7				√	A, B
M.S.C. Ma	7/7				√	A, B
Non-Executive Directors						
N.A.H. Fenwick	7/7		2/2	2/2	√	A, B
R.S.K. Lim	7/7				√	A, B
M.J. Murray	7/7	3/3			√	A, B
M.B. Swire	7/7				√	A, B
Independent Non-Executive Directors						
L.K.L. Cheng	7/7	3/3			√	A, B
T.T.K. Choi	7/7		2/2	2/2	√	A, B
S.T. Fung	7/7		2/2	2/2	√	A, B
J.L. Wang	7/7				√	A, B
M.Y. Wu	7/7	3/3			√	A, B
Average attendance	100%	100%	100%	100%	100%	

Notes:
A: Received training materials about matters relevant to their duties as Directors.
B: Attended training by external advisers about applicable laws and regulations and topics pertinent to the business of the Company.

Continuous Professional Development

The Company makes available continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills.

All Directors have been provided with "A Guide on Directors' Duties" issued by the Companies Registry, "Guidelines for Directors" issued by the Hong Kong Institute of Directors and "Guidance for Boards and Directors" issued by The Stock Exchange of Hong Kong Limited and other training materials on various topics, including regulatory updates issued by The Stock Exchange of Hong Kong Limited and external advisers and ESG matters. They were invited to attend seminars and conferences about financial, commercial, economic, risk management, legal, regulatory and other business matters.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

Conflicts of Interest

If a Director has a material conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and abstains from voting. The matter is considered at a Board meeting and voted on by Directors who have no material interest in the transaction.

Delegation by the Board

Responsibility for delivering the Company's strategies and objectives, as established by the Board, and responsibility for day-to-day management is delegated to the Chief Executive. The Chief Executive has been given clear guidelines and directions as to his powers and, in particular, the circumstances under which he should report back to, and obtain prior approval from, the Board before making commitments on behalf of the Company.

The Board monitors management's performance against the achievement of financial and non-financial measures, the principal items monitored being:

- detailed monthly management accounts consisting of statements of profit or loss, financial position and cash flows compared to budget, together with forecasts
- internal and external audit reports
- feedback from customers, others with whom the Group does business, trade associations and service providers.

Securities Transactions

The Company has adopted a code of conduct (the "Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. These rules are available on the Company's website.

A copy of the Securities Code has been sent to each Director of the Company and is sent to each Director twice annually, immediately before the two financial period ends, with a reminder that the Director cannot deal in the securities and derivatives of the Company during the blackout period before the Group's interim and annual results have been published, and that all their dealings must be conducted in accordance with the Securities Code.

Under the Securities Code, Directors and senior executives of the Company are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company and, in the case of the Chairman himself, he must notify the Chairman of the Audit Committee and receive a dated written acknowledgement before any dealing.

On specific enquiries made, all the Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Securities Code.

Directors' interests at 31st December 2022 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) are set out in the section of this annual report headed Directors' Report.

Appointment and Re-election

Potential new Directors are identified and considered by the Nomination Committee for appointment by the Board. A Director appointed by the Board is subject to election by shareholders at the first annual general meeting after his or her appointment, and all Directors are subject to re-election by shareholders every three years.

Potential new Board members are identified on the basis of skills, knowledge and experience which, on assessment by the Directors, will enable them to make a positive contribution to the diversity and performance of the Board. The Company reviews the composition of the Board on a continuing basis by keeping track of the tenure of Directors and the need for new or replacement Directors to be appointed (as the case may be) and maintaining a pipeline of candidates comprising internal and external candidates as may be identified from time to time. Executive search agencies may be engaged as appropriate to identify external candidates with the desirable skillsets. The composition of the Board includes directors from multiple sources, i.e., independent non-executive directors, nomination from substantial shareholder and internal executives.

In assessing the suitability of a proposed candidate (including Directors eligible for re-appointment or re-election), the following non-exhaustive list of factors will be considered:

- the corporate strategy of the Company
- the structure, size, composition and needs of the Board
- the potential contributions a candidate can bring to the Board, including the desirable skillsets, experience and other attributes that are complementary to the Board
- the qualifications, integrity and expected time commitment of the candidate
- various aspects of diversity (including gender, age, cultural and educational background and ethnicity) with reference to the Board Diversity Policy of the Company
- the independence of a candidate to be appointed as an Independent Non-Executive Director

No new appointment of director was made during 2022 and up to the date of this annual report. On 7th March 2023, the Nomination Committee, having reviewed the Board's composition and after taking into account the requirement that all directors are subject to election or re-election (as the case may be) in accordance with the Company's Articles of Association, nominated L.K.L. Cheng, T.T.K. Choi, R.S.K. Lim and M.Y. Wu for recommendation to shareholders for re-election at the 2023 Annual General Meeting. The nominations were made in accordance with objective criteria (including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service, number of directorships of listed companies and the legitimate interests of the Company's principal shareholders), with due regard for the benefits of diversity, as set out in the Board Diversity Policy. The Nomination Committee is satisfied with the independence of L.K.L. Cheng, T.T.K. Choi and M.Y. Wu having regard to the criteria set out in the Listing Rules. The Board, having considered the recommendation of the Nomination Committee and having taken into account the respective contributions of L.K.L. Cheng, T.T.K. Choi, R.S.K. Lim and M.Y. Wu to the Board and their firm commitment to their roles, recommended all of them for re-election at the 2023 Annual General Meeting. J.L. Wang will also retire this year but does not offer himself for re-election. The particulars of the Directors standing for re-election are set out in the section of this annual report headed Directors and Officers and will also be set out in the circular to shareholders to be distributed with this annual report and posted on the Company's website.

Full details of changes in the Board during the year and to the date of this report are provided in the section of this annual report headed Directors' Report.

Board Diversity

The Board has adopted a Board Diversity Policy, which is available on the Company's website. Responsibility for the implementation, monitoring and annual review of this policy has been delegated to the Nomination Committee.

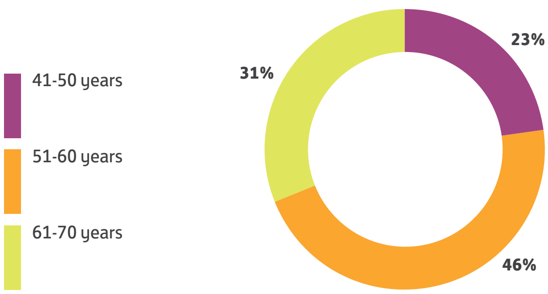
The Board's composition reflects a balance of skills, experience and diversity of perspectives among its members that are relevant to the Company's strategy, governance and business and contributes to the Board's effectiveness.

SKILLS, EXPERTISE AND EXPERIENCE

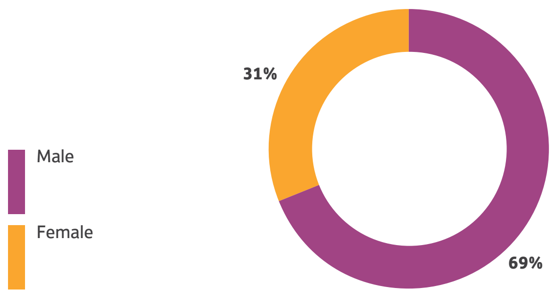
Related Industry Experience (Real Estate/Hotels/Retail)	9
Executive Leadership and Strategy	13
Relevant Market Experience	13
Accounting/Finance and Risk Management	4
Digital	5
ESG	11

out of 13 Directors

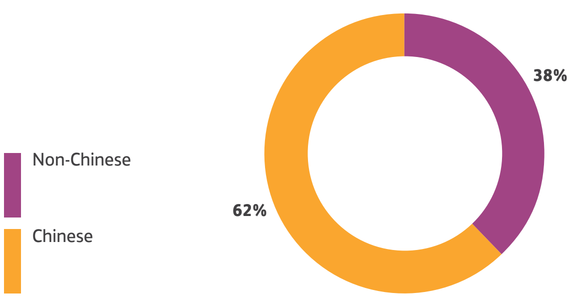
AGE



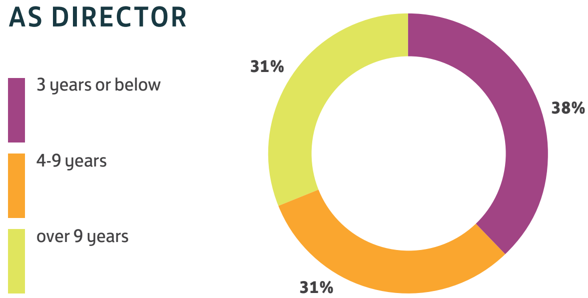
GENDER



ETHNICITY



YEARS OF SERVICE AS DIRECTOR



In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders.

The Board is committed to maintaining an appropriate percentage of female members, which shall be no less than 30% at all times.

The Company is also committed to maintaining a gender balance in the workforce with a target of keeping the female ratio at no less than 40% at all times. Details of gender diversity in the workforce are disclosed in the section of this annual report headed Sustainable Development.

The Company has adopted the following measures to develop a pipeline of potential successors to the Board:

- The Company keeps track of the tenure of Directors and the need for new or replacement directors to be appointed (as the case may be), and maintains a running list of candidates comprising internal and external candidates as may be identified from time to time
- Principles and key criteria for evaluating candidates for directorship are set out in the Nomination Committee's terms of reference and the Company's Board Diversity Policy
- The skills and experience of existing Directors help set the criteria for internal and external candidate search
- Executive search agencies may be engaged as appropriate to identify external candidates with desirable skillsets

Nomination Committee

The Nomination Committee consists of three Non-Executive Directors, T.T.K. Choi, N.A.H. Fenwick and S.T. Fung. Two of the Committee members are Independent Non-Executive Directors, one of whom, S.T. Fung, is Chairman. Its terms of reference comply with the CG Code and are posted on the Company's website.

The Nomination Committee's duties include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy
- to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorship
- to assess the independence of the Independent Non-Executive Directors
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive
- to review the implementation and effectiveness of the Company's policy on board diversity on an annual basis

The Nomination Committee met twice in 2022 and once in 2023 up to the date of this annual report. A summary of its work is as follows:

- it conducted (i) an annual review of the structure, size and composition (including the skills, knowledge and experience) of the Board and considered that the Board's composition reflects an appropriate mix of skills, experience and diversity among its members that are relevant to the Company's strategy, governance and business and contributes to the Board's effectiveness; (ii) an annual assessment of the independence of each Independent Non-Executive Director and considered all of the Independent Non-Executive Directors to be independent; and (iii) an annual review of the implementation and effectiveness of the Company's Board Diversity Policy and considered it to be appropriate
- it endorsed for approval by the Board the proposal to maintain a percentage of female Directors at no less than 30%
- it made recommendations to the Board in respect of the re-election of the Directors retiring at the 2023 Annual General Meeting

The Nomination Committee assessed the Board's diversity by reviewing a comparison against industry and peer group companies, and the relevant experience and skillsets of the Directors. The Committee considered that:

- the ratios for the objective criteria (e.g. age, gender and ethnicity) amongst Board members were reasonable
- the Company was in a good position in terms of gender diversity compared with its peers
- the Board shall maintain a percentage of female Directors of not less than 30%

Remuneration Committee

Full details of the remuneration of the Directors are provided in note 9 to the financial statements.

The Remuneration Committee comprises three Non-Executive Directors, S.T. Fung, T.T.K. Choi and N.A.H. Fenwick. Two of the Committee members are Independent Non-Executive Directors, one of whom, S.T. Fung, is Chairman. All the members served for the whole of 2022.

The Remuneration Committee reviews and approves the remuneration proposals with respect to the Executive Directors and senior management of the Company, with reference to the Company's Remuneration Policy and the Board's corporate goals and objectives.

The Remuneration Committee exercises the powers of the Board to determine the remuneration packages of individual Executive Directors (including salaries, bonuses, benefits in kind and the terms on which they participate in any provident fund or other retirement benefit scheme), taking into consideration salaries paid by comparable companies, time commitments and responsibilities and employment conditions elsewhere in the Group.

The terms of reference of the Remuneration Committee have been reviewed with reference to the CG Code and are posted on the Company's website.

In order to be able to attract and retain staff with the appropriate skills, experience and of suitable calibre, the Swire group provides a competitive remuneration package designed to be commensurate, overall, with those of its peer group. This typically comprises salary, housing, retirement benefits, leave-passages and education allowances and, after three years' service, a discretionary bonus. Although the remuneration of executives is not entirely linked to the profits of the Company, it is considered that these arrangements have contributed considerably to the maintenance of a flexible, motivated and high-calibre management team within the Group.

The Remuneration Committee reviewed the structure and levels of remuneration paid to Executive Directors at its meeting in October 2022. At this meeting the Committee considered a report prepared for it by Mercer Limited, an independent firm of consultants, which confirmed that the remuneration of the Company's Executive Directors, as disclosed in note 9 to the financial statements, was comparable with that paid to equivalent executives in peer group companies.

No Director takes part in any discussion about his or her own remuneration.

The following fee levels have been approved by the Board:

Fee	**2022 HK$**	2023 HK$
Director's Fee	**575,000**	575,000
Fee for Audit Committee Chairman	**268,000**	268,000
Fee for Audit Committee Member	**186,000**	186,000
Fee for Nomination Committee Chairman	**83,000**	83,000
Fee for Nomination Committee Member	**60,000**	60,000
Fee for Remuneration Committee Chairman	**83,000**	83,000
Fee for Remuneration Committee Member	**60,000**	60,000

Accountability and Audit

Financial Reporting

The Board acknowledges its responsibility for:

- the proper stewardship of the Company's affairs, to ensure the integrity of financial information
- preparing annual and interim financial statements and other related information that give a true and fair view of the Group's affairs and of its results and cash flows for the relevant periods, in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance
- selecting appropriate accounting policies and ensuring that these are consistently applied
- making judgements and estimates that are prudent and reasonable
- ensuring that the application of the going concern assumption is appropriate

Risk Management and Internal Control

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's risk management and internal control systems. This responsibility is primarily fulfilled on its behalf by the Audit Committee as discussed on pages 103 to 104.

The foundation of strong risk management and internal control systems is dependent on the ethics and culture of the organisation, the quality and competence of its personnel, the direction provided by the Board, and the effectiveness of management.

Since profits are, in part, the reward for successful risk taking in business, the risk management and internal control 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.

The key components of the Group's control structure are as follows:

Culture: The Board believes that good corporate governance reflects the culture of an organisation. This is more significant than any written procedures.

The Company aims at all times to act ethically and with integrity, and to instill this behaviour in all its employees by example from the Board down. The Company has a Corporate Code of Conduct, which is posted on its website.

The Company is committed to developing and maintaining high professional and ethical standards. These are reflected in the rigorous selection process and career development plans for all employees. The organisation prides itself on being a long-term employer which instills in individuals, as they progress through the Group, a thorough understanding of the Company's ways of thinking and acting.

Channels of communication are clearly established, allowing employees a means of communicating their views upwards with a willingness on the part of more senior personnel to listen. Employees are aware that, whenever the unexpected occurs, attention should be given not only to the event itself, but also to determining the cause.

Through the Company's Corporate Code of Conduct, employees are encouraged (and instructed as to how) to report control deficiencies or suspicions of impropriety to those who are in a position to take necessary action. The Company has a Whistleblowing Policy and system for employees and those who deal with the Group to raise concerns, in confidence and with anonymity, where desired, about actual or suspected cases of impropriety in any matter related to the Group. The policy is available on the Company's website.

The Company has an Anti-Bribery and Corruption Policy which sets out the Company's policy and systems that promote and support compliance with applicable anti-bribery and corruption laws and regulations, and enhances the provisions relating to bribery and corruption in the Company's Corporate Code of Conduct. The policy is available on the Company's website.

Risk assessment: The Board of Directors and the management each have a responsibility to identify and analyse the risks underlying the achievement of business objectives, and to determine how such risks should be managed and mitigated.

Management structure: The Group has a clear organisational structure that, to the extent required, delegates the day-to-day responsibility for the design, documentation and implementation of procedures and monitoring of risk. Individuals appreciate where they will be held accountable in this process.

A control self-assessment process requires management to assess, through the use of detailed questionnaires, the adequacy and effectiveness of risk management and internal controls over the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations. This process and its results are reviewed by internal auditors and form part of the Audit Committee's annual assessment of control effectiveness.

Controls and review: The control environment comprises policies and procedures intended to ensure that relevant management directives are carried out and actions that may be needed to address risks are taken. These may include approvals and verifications, reviews, safeguarding of assets and segregation of duties. Control activities can be divided into operations, financial reporting and compliance, although there may, on occasion, be some overlap between them. The typical control activities include:

- analytical reviews: for example, conducting reviews of actual performance versus budgets, forecasts, prior periods and competitors
- direct functional or activity management: reviews of performance reports, conducted by managers in charge of functions or activities
- information-processing: performing controls intended to check the authorisation of transactions and the accuracy and completeness of their reporting, for example, exception reports
- physical controls: ensuring equipment, inventories, securities and other assets are safeguarded and subjected to periodic checks
- performance indicators: carrying out analyses of different sets of data, operational and financial, examining the relationships between them, and taking corrective action where necessary
- segregation of duties: dividing and segregating duties among different people, with a view to strengthening checks and minimising the risk of errors and abuse

The Company has in place effective processes and systems for the identification, capture and reporting of operational, financial and compliance-related information in a form and time-frame intended to ensure that staff carry out their designated responsibilities.

Internal audit: Independent of management, the Internal Audit Department ("IA") reports directly to the Audit Committee and performs regular reviews of key risk areas and monitors compliance with Group accounting, financial and operational procedures. The role of IA is discussed further on pages 104 to 105.

Audit Committee

The Audit Committee, consisting of three Non-Executive Directors, M.Y. Wu, L.K.L. Cheng and M.J. Murray, assists the Board in discharging its responsibilities for corporate governance and financial reporting. Two of the Committee members are Independent Non-Executive Directors, one of whom, M.Y. Wu, is Chairman. All the members served for the whole of 2022.

The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants and comply with the CG Code. They are available on the Company's website.

The Audit Committee met three times in 2022. Regular attendees at the meetings are the Finance Director, the Head of Internal Audit of the Swire group and the external auditors. The Audit Committee meets at least twice a year with the external auditors, and at least once a year with the Head of Internal Audit, in each case without the presence of management. Each meeting receives written reports from the external auditors and IA. The external valuer (Cushman & Wakefield Limited) also attended two of the meetings.

The work of the Committee during 2022 included reviews of the following matters:

- the completeness, accuracy and integrity of formal announcements relating to the Group's performance including the 2021 annual and 2022 interim reports and announcements, with recommendations to the Board for approval
- the Group's compliance with regulatory and statutory requirements
- the Group's risk management and internal control systems
- the Group's risk management processes
- the Group's cybersecurity

- the approval of the 2023 annual Internal Audit programme and review of progress on the 2022 programme
- periodic reports from IA and progress in resolving any matters identified in them
- significant accounting and audit issues
- the Company's policy regarding connected transactions and the nature of such transactions
- the relationship with the external auditors as discussed on pages 105 to 106
- the Company's compliance with the CG Code
- the Company's code and policies

In 2023, the Committee has reviewed, and recommended to the Board for approval, the 2022 financial statements.

Assessing the Effectiveness of Risk Management and Internal Control Systems

On behalf of the Board, the Audit Committee reviews annually the continued effectiveness of the Group's risk management and internal control systems dealing with risk and financial accounting and reporting, the effectiveness and efficiency of operations, compliance with laws and regulations, and risk management functions.

This assessment considers:

- the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the risk management and internal control systems, the work and effectiveness of Internal Audit and the assurances provided by the Finance Director
- the changes in the nature and extent of significant risks (including ESG risks) since the previous review and the Group's ability to respond to changes in its business and the external environment
- the extent and frequency with which the results of monitoring are communicated, enabling the Committee to build up a cumulative assessment of the state of control in the Group and the effectiveness with which risk is being managed
- the incidence of any significant control failings or weaknesses that have been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition
- the effectiveness of the Company's processes in relation to financial reporting and statutory and regulatory compliance
- areas of risk identified by management
- significant risks reported by IA
- work programmes proposed by IA and the external auditors
- significant issues arising from internal and external audit reports
- the results of management's control self-assessment exercise

As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems are effective and adequate and have complied with the CG Code provisions on risk management and internal control throughout the year and up to the date of this annual report.

Company Secretary

The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. The Company Secretary undertakes at least 15 hours of relevant professional training annually to update skills and knowledge.

Internal Audit Department

The Swire group has had IA in place for 27 years. IA plays a critical role in monitoring the governance of the Group. The department is staffed by 26 audit professionals and conducts audits of the Group and of other companies in the Swire group. The 26 professionals include a team based in the Chinese Mainland which reports to IA in Hong Kong.

IA reports directly to the Audit Committee without the need to consult with management, and via the Audit Committee to the Board. IA has unrestricted access to all areas of the Group's business units, assets, records and personnel in the course of conducting its work.

The annual IA work plan and resources are reviewed and agreed with the Audit Committee.

Scope of Work

Business unit audits are designed to provide assurance that the risk management and internal control systems of the Company are implemented properly and operating effectively, and that the risks associated with the achievement of business objectives are being properly identified, monitored and managed.

The frequency of each audit is determined by IA using its own risk assessment methodology, which is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework, considering such factors as recognised risks, organisational change, overall materiality of each unit, previous IA results, external auditors' comments, output from the work of the Swire Pacific Group Risk Management Committee and management's views. Each business unit is typically audited at least once every three years. Acquired businesses would normally be audited within 12 months. 10 assignments were conducted for Swire Properties in 2022.

IA specifically assists the Audit Committee in carrying out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems through its review of the process by which management has completed the annual Control Self-Assessment, and the results of this assessment.

IA conducts ad-hoc projects and investigative work as may be required by management or the Audit Committee.

Audit Conclusion and Response

Copies of IA reports are sent to the Chairman of the Board, the Chief Executive, the Finance Director and the external auditors. The results of each review are also presented to the Audit Committee.

Management is called upon to present action plans in response to IA's recommendations, including those aimed at resolving material internal control defects. These are agreed by IA, included in its reports and followed up with a view to ensuring that they are satisfactorily undertaken.

External Auditors

The Audit Committee acts as a point of contact, independent from management, with the external auditors (the "auditors"). The auditors have direct access to the Chairman of the Audit Committee, who meets with them periodically without management present.

The Audit Committee's duties in relation to the auditors include:

- recommending to the Board, for approval by shareholders, the auditors' appointment
- approval of the auditors' terms of engagement
- consideration of the letters of representation to be provided to the auditors in respect of the interim and annual financial statements
- review of reports and other ad-hoc papers from the auditors
- annual appraisal of the quality and effectiveness of the auditors
- assessment of the auditors' independence and objectivity, including the monitoring of non-audit services provided, with a view to ensuring that their independence and objectivity are not, and are not seen to be, compromised
- approval of audit and non-audit fees

Auditors' Independence

Independence of the auditors is of critical importance to the Audit Committee, the Board and shareholders. The auditors write annually to the members of the Audit Committee confirming that they are independent accountants in accordance with the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants and that they are not aware of any matters which may reasonably be thought to bear on their independence. The Audit Committee assesses the independence of the auditors by considering and discussing each such letter (and having regard to the fees payable to the auditors for audit and non-audit work and the nature of the non-audit work) at a meeting of the Audit Committee.

Provision of Non-audit Services

In deciding whether the auditors should provide non-audit services the following key principles are considered:

- the auditors should not audit their own firm's work
- the auditors should not make management decisions
- the auditors' independence should not be impaired
- quality of service

In addition, the Company has a protocol in place for approval of the provision of non-audit services by the auditors. Any services which may be considered to be in conflict with the role of the auditors must be submitted to the Audit Committee for approval prior to engagement, regardless of the amounts involved. The protocol is updated from time to time to ensure compliance.

Fees paid to the auditors are disclosed in note 7 to the financial statements.

Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission
- has included in its Corporate Code of Conduct a strict prohibition on the unauthorised use of confidential or inside information
- ensures, through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information

Shareholders

Communication with Shareholders and Investors

The Board and senior management recognise their responsibility to represent the interests of all shareholders and to maximise shareholder value. Communication with shareholders and accountability to shareholders is a high priority of the Company.

The Company has a Shareholders' Communication Policy which is available on the Company's website. The Shareholders' Communication Policy aims to ensure that shareholders and the investment community are provided with appropriate and timely access to material information about the Company. It sets out the Company's framework for promoting effective communication with its shareholders so as to enable them to exercise their rights as shareholders in an informed manner, and to allow the investment community to engage actively with the Company. The Audit Committee reviews the implementation and effectiveness of the Shareholders' Communication Policy annually. The most recent review was conducted in August 2022 and the effectiveness of the policy was confirmed.

The methods used to communicate with shareholders include the following:

- the Chief Executive and Finance Director make themselves available for meetings with major shareholders, investors and analysts over two-month periods immediately after the announcement of the interim and annual results and at certain other times during the year. In addition, they attended regular meetings with analysts and investors in Hong Kong, analyst briefings, investor group briefings, overseas roadshows and investor conferences during the year
- through the Company's website. This includes electronic copies of financial reports, audio webcasts of analyst presentations given at the time of the interim and annual results announcements, slides of presentations given at investor conferences, latest news, public announcements and general information about the Group's businesses
- through publication of interim and annual reports
- through the annual general meeting as discussed below

Shareholders may send their enquiries and concerns to the Board by post or email at ir@swireproperties.com. The relevant contact details are set out in the Financial Calendar and Information for Investors section of this annual report. The Company's Shareholders' Communication Policy also sets out channels for shareholders to communicate their views on various matters.

The Annual General Meeting

The annual general meeting is an important forum to engage with shareholders. The most recent annual general meeting was held on 10th May 2022. The meeting was open to shareholders. The Directors who attended the meeting are shown in the table on page 96.

At the annual general meeting, separate resolutions were proposed for each issue and were voted on by poll. The procedures for conducting a poll were explained at the meeting prior to the polls being taken. The agenda items were:

- receiving the report of the Directors and the audited financial statements for the year ended 31st December 2021
- electing/re-electing Directors
- re-appointing the auditors and authorising the Directors to set their remuneration
- a general mandate authorising the Directors to make on-market share buy-backs
- a general mandate authorising the Directors to allot and issue shares up to 20% of the number of shares then in issue, provided that the aggregate number of the shares so allotted wholly for cash would not exceed 5% of the number of the shares then in issue

Minutes of the meeting together with voting results are available on the Company's website.

Dividend Policy

The Company has a policy on the payment of dividends, which is set out in the section of this annual report headed Directors' Report.

Shareholder Engagement

Pursuant to Article 95 of the Company's Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, he or she should deposit a written notice of nomination at the registered office of the Company within the 7-day period commencing on and including the day after the despatch of the notice of the meeting. The procedures for nominating candidates to stand for election as Directors at general meetings are set out in the Corporate Governance section of the Company's website.

If they wish to propose a resolution relating to other matters to be considered at a general meeting, shareholders are requested to follow the requirements and procedures set out in the Corporate Governance section of the Company's website.

Shareholder(s) representing at least 5% of the total voting rights of all members may request the Board to convene a general meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office. Detailed requirements and procedures are set out in the Corporate Governance section of the Company's website.

Other Information for Shareholders

Key shareholder dates for 2023 are set out in the section of this annual report headed Financial Calendar and Information for Investors and in the Financial Calendar on the Company's website.

No amendment has been made to the Company's Articles of Association during the year.

From information publicly available to the Company and within the knowledge of its Directors, at least 10.28% (being the minimum public float percentage which the Company is required to maintain) of the Company's total number of issued shares are held by the public. Details of substantial shareholders' and other interests are included in the section of this annual report headed Directors' Report.

RISK MANAGEMENT

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems.

The Board and management are responsible for identifying and analysing the risks underlying the achievement of business objectives, and for determining how such risks should be managed and mitigated. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management provides confirmations to the Board on the effectiveness of these systems.

The management of risks is subject to audit by IA, with support from specialist external consultants where necessary.

Further discussion of risk management is set out in the sections of the Corporate Governance Report headed "Accountability and Audit – Risk Management and Internal Control", "Audit Committee – Assessing the Effectiveness of Risk Management and Internal Control Systems" and "Internal Audit Department – Scope of Work" on pages 102 to 103, page 104 and page 105 respectively.

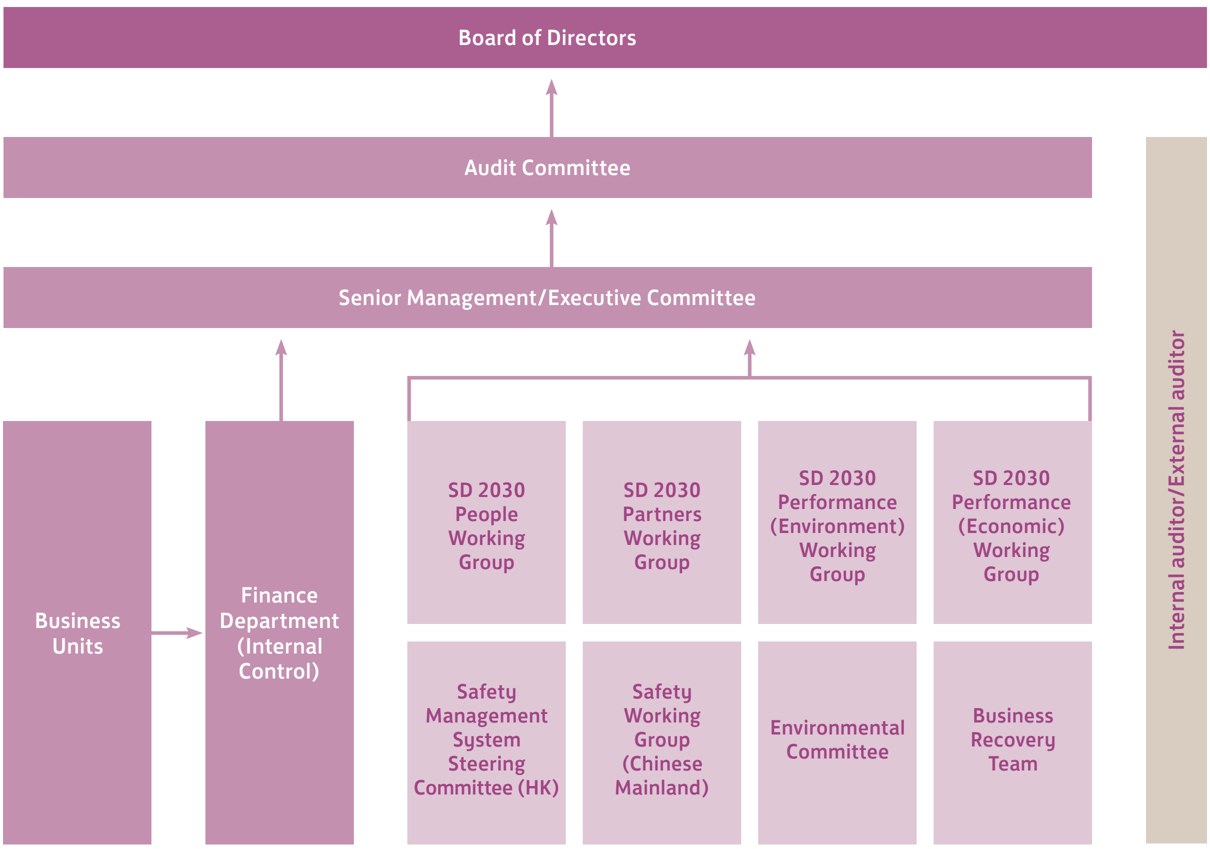
The following diagram illustrates the key risk management processes of the Company.

Executive Committee

The Executive Committee meets twice a month and is responsible for overseeing the day-to-day operations of the Company. It comprises three Executive Directors and eight members of senior management. The Chief Executive chairs the Executive Committee.

The Executive Committee provides oversight of all the risks to which the Group is subject and is responsible for the design, implementation and monitoring of the relevant risk management and internal control systems of the Group. Matters of significance that arise are reported as appropriate via the Audit Committee to the Board of Directors.

Risk Governance Framework



Financial Risk Management

The Group's approach to financial risk management is discussed in note 2 to the financial statements.

Risk Profile

The following table provides an overview of our risk profile (listed in alphabetical order), including what we consider to be Swire Properties' principal existing and emerging risks, possible associated impacts, risk trend and mitigation measures that are in place or under development.

Existing Risks and Possible Impacts	Risk Trend	Mitigation Measures
Brand and image The failure to maintain brand position and perception may make us less competitive.	Risk level remained broadly the same	• Crisis communication and social media policies are in place and are updated and tested regularly to ensure consistent, responsible and responsive communication (including when handling major incidents) in order to safeguard the Company's reputation. • Closely monitor social media in order to evaluate and provide responses to negative social media content. • Engagement with third parties to understand their perceptions of the Company and to anticipate current and potential economic, political, social or environmental issues that may adversely affect our reputation.
Business disruption Severe disruption to the business caused by acts of man or acts of nature may have adverse financial effects on the Company.	Risk level decreased	• A business recovery plan for major incidents, and other business compliance measures for specific scenarios, operational emergencies and health and safety, are in place and are regularly updated and tested. • In response to pandemic, standard operating procedures and guidelines are in place, ensuring intensive cleaning and disinfection of our premises. Government's requirements and guidelines on pandemic or social distancing are strictly observed. • Strategic plans are regularly reviewed to maintain business resilience and sustainability. • Conduct site surveys and consult professional advisors to ensure properties in earthquake and hurricane zones are built to meet the relevant building codes and safety standards. • Purchase insurance to the extent practicable to cover financial loss due to property damage, business interruption and third-party liabilities.

↑ Risk level increased during the year 2022

↓ Risk level decreased during the year 2022

↔ Risk level remained broadly the same

Existing Risks and Possible Impacts	Risk Trend	Mitigation Measures
Business risks The lack of compelling development projects and business disruption may lead to a slowdown in business and so affect financial performance.	↔	• Obtain suitable reserves of land, reinforce existing assets and actively explore investment opportunities. • Monitor and evaluate disruptive business models, with a view to making our operations more robust. • Enhance competitiveness by increasing efficiency, using appropriate technology and operational procedures.
Development risks Delay in the completion of developments may have an adverse financial effect by delaying the timing of property sales and leasing.	↔	• Closely work with contractors to monitor and manage construction progress in order to avoid delays. • Stringent contractor prequalification requirements and stringent requirements for approving design changes. • Build in contingencies for statutory approvals and communicate with government authorities on a timely basis.
Political risks Changes in the global and local political landscape and priorities may have significant impact on the business environment.	↑	• Regular review of investment strategy, business model and capital allocation in response to any impact of international tensions. • Maintain high level of sensitivities to political and social issues by closely monitoring social media and government policies with a timely response. • Senior management engagement with government authorities to anticipate political developments in order to plan appropriate responses and to ensure compliance with applicable laws and regulations. • Maintain robust corporate governance practice through oversight functions (internal audit, risk management, the company secretary, legal counsel and independent non-executive directors).

Emerging Risks and Possible Impacts	Risk Trend	Mitigation Measures
Climate change Extreme weather conditions and climate change may increase the risks of physical damage to properties and adversely affect their valuation.	↑	• A Climate Change Policy is in place and is updated regularly. • Conduct climate risk assessments at all portfolios to manage the risks and to explore the opportunities arising from the transition to a target of net-zero. • Science-based targets have been established to achieve long-term decarbonisation. • Monitor and reduce carbon emissions from construction activities and embodied carbon from major building and construction materials with the use of innovative technologies.

DIRECTORS AND OFFICERS

Executive Directors

BRADLEY, Guy Martin Coutts, aged 57, has been a Director of the Company since January 2008 and its Chairman since August 2021. He is also Chairman of John Swire & Sons (H.K.) Limited and Swire Pacific Limited, and a Director of Cathay Pacific Airways Limited. He was the Company's Chief Executive from January 2015 to August 2021 and a Director of Swire Pacific Limited from January 2015 to May 2017. He joined the Swire group in 1987 and has worked with the group in the Hong Kong SAR, Papua New Guinea, Japan, the United States, Vietnam, the Chinese Mainland, the Taiwan region and the Middle East. He is a chartered surveyor, a fellow of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. He is also Vice Chairman of the General Committee of the Hong Kong General Chamber of Commerce and Vice-President of The Real Estate Developers Association of Hong Kong.

BLACKBURN, Timothy Joseph, aged 52, has been a Director and Chief Executive of the Company since August 2021. He is also a Director of John Swire & Sons (H.K.) Limited. He joined the Swire group in 1994 and has worked with the group in the Hong Kong SAR, Australia, Papua New Guinea, Singapore, London and the Chinese Mainland. He is a chartered surveyor and a member of The Royal Institution of Chartered Surveyors. He is also a Global Governing Trustee of the Urban Land Institute.

LUNG, Ngan Yee Fanny, aged 56, has been Finance Director of the Company since October 2017. She was previously Group Director Finance of Hong Kong Aircraft Engineering Company Limited. She joined the Swire group in 1992. She is a member of the 8th Hainan Provincial Committee of the Chinese People's Political Consultative Conference. She is also a member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Management Accountants, a fellow of the Association of Chartered Certified Accountants and a member of the Financial Reporting Review Panel of the Accounting and Financial Reporting Council.

MA, Suk Ching Mabelle, aged 55, has been a Director of the Company since August 2021. She is also the Director Development and Valuations of the Company. She joined the Swire group in 1996. She is a chartered surveyor, a member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. She has worked in the real estate industry for over 30 years.

Non-Executive Directors

FENWICK, Nicholas Adam Hodnett, aged 62, has been a Director of the Company since May 2018. He is also a Director of John Swire & Sons Limited. He was employed by the Swire group from 1985 to 1995 and worked for the group in the Hong Kong SAR, Singapore, the Taiwan region, the Philippines and the United States.

LIM, Siang Keat Raymond, aged 63, has been a Director of the Company since July 2013. He is also Senior Adviser to John Swire & Sons (H.K.) Limited. He is Non-Executive Chairman of APS Asset Management Pte Ltd. He was a Member of the Singapore Parliament from 2001 to 2015.

MURRAY, Martin James, aged 56, has been a Director of the Company since April 2021. He is also Finance Director of Swire Pacific Limited and a Director of John Swire & Sons (H.K.) Limited. He was previously a Director and Chief Financial Officer of Cathay Pacific Airways Limited and before that Deputy Finance Director of Swire Pacific Limited. He joined the Swire group in 1995 and has worked with the group in the Hong Kong SAR, the United States, Singapore and Australia. He is a member of The Institute of Chartered Accountants of Scotland and the Hong Kong Institute of Certified Public Accountants and a council member of The Hong Kong Management Association.

SWIRE, Merlin Bingham, aged 49, has been a Director of the Company since January 2009. He is also Deputy Chairman, Chief Executive and a shareholder of John Swire & Sons Limited and a Director of Cathay Pacific Airways Limited and Swire Pacific Limited. He was Chairman of the Company and Swire Pacific Limited from July 2018 to August 2021. He joined the Swire group in 1997 and has worked with the group in the Hong Kong SAR, Australia, the Chinese Mainland and London.

Independent Non-Executive Directors

CHENG, Lily Ka Lai, aged 44, has been a Director of the Company since March 2017. She is an Independent Non-Executive Director of Chow Tai Fook Jewellery Group Limited, Octopus Cards Limited, SUNeVision Holdings Ltd. as well as an Adviser to HotelBeds Group and a Non-Executive Council Member of Herbert Smith Freehills Global LLP. She is an Executive Director of Hubel Labs Limited and was the former President of TripAdvisor Asia Pacific and Senior Director at Expedia Inc. She has more than ten years of experience as a corporate executive of technology companies providing consumer-facing software and internet services, including implementation of cybersecurity protocols.

CHOI, Tak Kwan Thomas, aged 67, has been a Director of the Company since May 2019. He is a fellow of The Royal Institution of Chartered Surveyors in the United Kingdom and The Hong Kong Institute of Surveyors. He is also an Authorised Person (Surveyor). He was a member of the Appeal Tribunal Panel (Buildings) from December 2000 to November 2013. He was employed by the Company in Hong Kong from 1981 to 2002. He was employed by China Resources (Holdings) Company Limited and worked in the Chinese Mainland from 2002 until his retirement in 2016.

FUNG, Spencer Theodore, aged 49, has been a Director of the Company since December 2012. He is Group Executive Chairman of Li & Fung. He is also an Alternate Representative of Hong Kong, China to APEC Business Advisory Council and a member of the General Committee of The Hong Kong Exporters' Association, Young Presidents' Organization and the Board of Trustees at Northeastern University.

WANG, Jinlong, aged 65, has been a Director of the Company since September 2019. He is an Independent Non-Executive Director of Kerry Group plc and Sonova Holding AG. He was previously an Operating Partner of Hony Capital Limited, Chairman and Chief Executive Officer of PizzaExpress Group Holdings Limited, President of Starbucks Asia Pacific, and Chairman and President of Starbucks Greater China.

WU, May Yihong, aged 55, has been a Director of the Company since May 2017. She is Board Advisor of Homeinns Hotel Group. She was the Chief Strategy Officer of Homeinns Hotel Group from 2010 to 2019, and its Chief Financial Officer from 2006 to 2010. She is an Independent Director of Noah Holdings Limited, the Chairwoman of its Compensation Committee and member of its Audit Committee and Corporate Governance and Nomination Committee.

Company Secretary

LOMAS, Bernadette Mak, aged 57, has been Company Secretary since February 2022. She is also Group General Counsel of the Swire Pacific Limited group. She is qualified to practise law in the Hong Kong SAR and in the State of New York. Prior to joining the Swire Pacific Limited group, she was Group General Counsel and Company Secretary of a leading Hong Kong listed company.

Notes:

1. The Audit Committee comprises M.Y. Wu (committee chairman), L.K.L. Cheng and M.J. Murray.
2. The Nomination Committee comprises S.T. Fung (committee chairman), T.T.K. Choi and N.A.H. Fenwick.
3. The Remuneration Committee comprises S.T. Fung (committee chairman), T.T.K. Choi and N.A.H. Fenwick.
4. T.J. Blackburn, G.M.C. Bradley, F.N.Y. Lung, M.S.C. Ma, M.J. Murray and M.B. Swire are employees of the John Swire & Sons Limited group.

The Directors submit their report together with the audited financial statements for the year ended 31st December 2022, which are set out on pages 134 to 203.

Principal Activities

The principal activities of Swire Properties Limited and its subsidiaries are: (i) property investment, that is the development, leasing and management of commercial, retail and some residential properties; (ii) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.

The principal activities of the Company's principal subsidiary, joint venture and associated companies are shown on pages 201 to 203. An analysis of the Group's performance for the year by reportable business segment and geographical area is set out in note 8 to the financial statements.

Consolidated Financial Statements

The consolidated Financial Statements incorporate the financial statements of the Group together with the Group's interests in joint venture and associated companies. Details of the joint venture and associated companies are provided in notes 20 and 21 to the financial statements.

Dividends

The Directors have declared a second interim dividend of HK$0.68 per share which, together with the first interim dividend of HK$0.32 per share paid in October 2022, amount to full year dividend of HK$1.00 (2021: HK$0.95) per share. The second interim dividend will be paid on Thursday, 4th May 2023 to shareholders registered at the close of business on the record date, being Thursday, 6th April 2023. Shares of the Company will be traded ex-dividend as from Monday, 3rd April 2023.

The Company's dividend policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time.

Closure of Register of Members

The register of members will be closed on Thursday, 6th April 2023, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 4th April 2023.

To facilitate the processing of proxy voting for the annual general meeting to be held on 9th May 2023, the register of members will be closed from 4th May 2023 to 9th May 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3rd May 2023.

Business Review

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the sections of this annual report headed Chairman's Statement, Chief Executive's Statement, Key Business Strategies, Review of Operations, Financial Review and Financing and in the notes to the financial statements. To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are provided in the section of this annual report headed Sustainable Development, and a discussion of the Group's compliance with the relevant laws and regulations that have a significant impact on the Group is provided in the sections of this annual report headed Sustainable Development, Corporate Governance, Risk Management and Directors' Report. Detailed information on the Group's sustainability performance is provided in the Sustainable Development Report 2022.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in notes 36 and 37 to the financial statements.

Share Capital

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the year and the Group has not adopted any share option scheme.

At 31st December 2022, 5,850,000,000 shares were in issue (31st December 2021: 5,850,000,000 shares). Details of the movement of share capital are set out in note 35 to the financial statements.

Accounting Policies

The principal accounting policies of the Group are set out in the relevant notes to the financial statements (if they relate to a particular item) and in the section of this annual report headed Principal Accounting Policies.

Auditors

PricewaterhouseCoopers retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company is to be proposed at the forthcoming annual general meeting.

Financial Review

A review of the consolidated results, financial position and cash flows of the Group is shown in the section of this annual report headed Financial Review. A ten-year financial summary of the results and of the assets and liabilities of the Group is shown in the section of this annual report headed Ten-Year Financial Summary.

Corporate Governance

The Company complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix 14 to the Listing Rules throughout the year covered by the annual report.

Details of the Company's corporate governance practices are set out in the section of this annual report headed Corporate Governance.

Environmental, Social and Governance

The Company has complied with all the applicable provisions set out in Part C of the Environmental, Social and Governance Reporting Guide contained in Appendix 27 to the Listing Rules for the year covered by the annual report.

Donations

During the year, the Group made donations for charitable purposes of HK$44 million and donations towards various scholarships of HK$0.5 million.

Fixed Assets

For details of movements in fixed assets refer to notes 15 and 16 to the financial statements.

The annual valuation of the Group's investment property portfolio, whether completed or in the course of development, was carried out by professionally qualified valuers (95% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer) on the basis of market value at 31st December 2022. This valuation resulted in an increase of HK$801 million in the carrying value of the investment property portfolio.

A schedule of the principal properties of the Group and its joint venture and associated companies is given in the section of this annual report headed Schedule of Principal Group Properties.

Borrowings

For details of the Group's borrowings refer to the section of this annual report headed Financing.

Interest

For details of the amount of interest capitalised by the Group refer to page 86.

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 and suppliers respectively.

Directors

All the Directors of the Company whose names are listed in the section of this annual report headed Directors and Officers served throughout the calendar year 2022. No new appointment of Director was made during 2022 and up to the date of this annual report.

Independence Confirmation

The Company has received from all of its Independent Non-Executive Directors (listed in the section of this annual report headed Directors and Officers) confirmation of their independence pursuant to Listing Rule 3.13 and considers all of them to be independent.

Term of Appointment

Article 93 of the Company's Articles of Association provides for all Directors to retire at the third annual general meeting following their election by ordinary resolution. In accordance therewith, L.K.L. Cheng, T.T.K. Choi, R.S.K. Lim and M.Y. Wu retire this year and, being eligible, offer themselves for re-election. J.L. Wang also retires this year but does not offer himself for re-election.

Each of the Directors has entered into a letter of appointment, which constitutes a service contract, with the Company for a term of up to three years until retirement under Article 91 or Article 93 of the Articles of Association of the Company, which will be renewed for a term of three years upon each election or re-election. No Director has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Fees and Emoluments

Full details of Directors' fees and emoluments are set out in note 9 to the financial statements.

Directors' fees paid to the Independent Non-Executive Directors during the year totalled HK$3.6 million. They received no other emoluments from the Group.

Directors' Interests

At 31st December 2022, the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that Directors held the following interests in the shares of Swire Properties Limited and its associated corporations (within the meaning of Part XV of the SFO), John Swire & Sons Limited and Swire Pacific Limited:

	Capacity					
	Beneficial Interest					
	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Voting Shares (%)	Note
Swire Properties Limited						
L.K.L. Cheng	1,000	–	–	1,000	0.00002	
M.B. Swire	–	–	1,148,812	1,148,812	0.01964	(3)

	Capacity					
	Beneficial Interest					
	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Issued Share Capital (comprised in the class) (%)	Note
John Swire & Sons Limited						
Ordinary Shares of £1						
N.A.H. Fenwick	–	–	3,136,000	3,136,000	3.14	(1)
M.B. Swire	2,193,550	630,000	14,569,960	17,393,510	17.39	(2)
8% Cum. Preference Shares of £1						
N.A.H. Fenwick	–	–	2,822,400	2,822,400	3.14	(1)
M.B. Swire	3,966,125	–	11,904,363	15,870,488	17.63	(2)

	Capacity				Percentage of Voting Shares (comprised in the class)	
	Beneficial Interest					
	Personal	Family	Trust Interest	Total No. of Shares	(%)	Note
Swire Pacific Limited						
'A' shares						
L.K.L. Cheng	10,000	–	–	10,000	0.0012	
M.B. Swire	180,000	–	301,000	481,000	0.0556	(3)
'B' shares						
M.B. Swire	390,000	–	3,024,617	3,414,617	0.1161	(2)

Notes:

(1) N.A.H. Fenwick was a trustee of a trust which held 3,136,000 ordinary shares and 2,822,400 preference shares in John Swire & Sons Limited included under Trust interest and did not have any beneficial interest in those shares.

(2) M.B. Swire was a trustee and/or a potential beneficiary of trusts which held 3,246,624 ordinary shares and 1,691,961 preference shares in John Swire & Sons Limited and 1,225,395 'B' shares in Swire Pacific Limited included under Trust interest and did not have any beneficial interest in those shares. M.B. Swire was one of the executors of a will which held 1,799,222 'B' shares in Swire Pacific Limited included under Trust interest and did not have any beneficial interest in those shares.

(3) All shares held by M.B. Swire under Trust interest were held by him as one of the executors of a will and he did not have any beneficial interest in those shares.

Other than as stated above, no Director or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Neither during nor prior to the year under review has any right been granted to, or exercised by, any Director of the Company, or to or by the spouse or minor child of any Director, to subscribe for shares, warrants or debentures of the Company.

Other than as stated in this report, no transaction, arrangement or contract of significance to which the Group was a party and in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

At no time during the year was the Company, or any of its associated corporations, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Competing Businesses

None of the Directors or their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Directors of Subsidiaries

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31st December 2022 or during the period from 1st January 2023 to the date of this Report are kept at the Company's registered office and made available for inspection by the members of the Company in accordance with Section 390(6) of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

Permitted Indemnity

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director is entitled under the Company's Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

Substantial Shareholders' and Other Interests

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 31st December 2022 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

Long position	Number of Shares	Percentage of Voting Shares (%)	Type of Interest (notes)
Swire Pacific Limited	4,796,765,835	82.00	Beneficial owner (1)
John Swire & Sons Limited	4,796,765,835	82.00	Attributable interest (2)

Notes:

(1) Swire Pacific Limited was interested in 4,796,765,835 shares of the Company as beneficial owner.

(2) John Swire & Sons Limited and its wholly-owned subsidiary John Swire & Sons (H.K.) Limited were deemed to be interested in a total of 4,796,765,835 shares of the Company, in which Swire Pacific Limited was interested, by virtue of the John Swire & Sons Limited group being interested in 59.78% of the equity of Swire Pacific Limited and controlling 67.64% of the voting rights attached to shares in Swire Pacific Limited.

Public Float

Listing Rule 8.08(1) of the Listing Rules requires that at least 25% of an issuer's total number of issued shares must at all times be held by the public. The Company has been granted by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a waiver from strict compliance with Listing Rule 8.08(1) so as to allow a lower public float percentage of 10% (or such higher percentage as was held by the public upon completion of the listing of the shares of the Company on the Stock Exchange). On such completion on 18th January 2012, the public float percentage was approximately 10.28%. From information that is publicly available to the Company and within the knowledge of its Directors at the date of this report, at least 10.28% of the Company's total number of issued shares are held by the public.

Continuing Connected Transactions

During the year ended 31st December 2022, the Group had the following continuing connected transactions, details of which are set out below:

(a) Services Agreement

There is an agreement for services ("Services Agreement"), in respect of which John Swire & Sons (H.K.) Limited ("JS&SHK"), a wholly-owned subsidiary of John Swire & Sons Limited ("Swire"), provided to the Company and its subsidiaries advice and expertise of the directors and senior officers of the Swire group, including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, certain staff services (including full or part time services of members of the staff of the Swire group), certain central services and such other services as may be agreed from time to time, and procured for the Company and its subsidiary, joint venture and associated companies the use of relevant trademarks owned by Swire. No fee is payable in consideration of such procuration obligation or such use. The procuration obligation would fall away if the Services Agreement were terminated or not renewed.

In return for these services, JS&SHK receives annual service fees calculated as 2.5% of the Company's consolidated profit before taxation and non-controlling interests after certain adjustments. The fees for each year are payable in cash in arrear in two instalments, an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment. The Company also reimburses the Swire group at cost for most of the expenses incurred in the provision of the services.

The Services Agreement, which was entered into between JS&SHK and the Company on 1st December 2004, took effect from 1st January 2005, was renewed on 1st October 2007, was amended and restated with effect from 1st January 2010, was renewed again on 1st October 2010, 14th November 2013 and 1st October 2016, was amended and restated on 9th August 2019 and was renewed again on 1st October 2019 and 1st October 2022. The current term of the Services Agreement is from 1st January 2023 to 31st December 2025 and it is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

Particulars of the fees paid and the expenses reimbursed for the year ended 31st December 2022 are given in note 42 to the financial statements.

(b) Tenancy Framework Agreement

The Company, JS&SHK and Swire Pacific Limited ("Swire Pacific") entered into a tenancy framework agreement ("Tenancy Framework Agreement") on 14th August 2014 to govern existing and future tenancy agreements between members of the Group, members of the JS&SHK group and members of the Swire Pacific group. The Tenancy Framework Agreement, which took effect from 1st January 2014 and was renewed on 1st October 2015 and 1st October 2018, was renewed again on 1st October 2021 for a term of three years from 1st January 2022 to 31st December 2024. It is renewable for successive periods of three years thereafter unless any party to it gives to the other parties notice of termination of not less than three months expiring on any 31st December. Pursuant to the Tenancy Framework Agreement, members of the Group, members of the JS&SHK group and members of the Swire Pacific group enter into tenancy agreements from time to time on normal commercial terms based on prevailing market rentals.

For the year ended 31st December 2022, the aggregate rentals payable to the Group under tenancies subject to the Tenancy Framework Agreement totalled HK$147 million.

At 31st December 2022, the Swire group was interested in 59.78% of the equity of Swire Pacific and controlled 67.64% of the voting rights attached to shares in Swire Pacific and Swire Pacific owned 82.00% of the Company's total number of issued shares. JS&SHK, as a wholly-owned subsidiary of Swire, and Swire Pacific are therefore connected persons of the Company under the Listing Rules. The transactions under the Services Agreement and the Tenancy Framework Agreement are continuing connected transactions in respect of which announcements dated 11th August 2022 and 13th May 2021 respectively were published.

As directors and/or employees of (or in one case as an adviser to) the Swire group, T.J. Blackburn, G.M.C. Bradley, R.S.K. Lim, F.N.Y. Lung and M.J. Murray are interested in the Services Agreement and the Tenancy Framework Agreement. N.A.H. Fenwick and M.B. Swire are so interested as shareholders, directors and/or employees of Swire.

The Independent Non-Executive Directors of the Company, who are not interested in any connected transactions with the Group, have reviewed and confirmed that the continuing connected transactions as set out above have been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have also reviewed these transactions and confirmed to the Board that nothing has come to their attention that causes them to believe that they have not been approved by the Board of the Company; that they were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; that they were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and that the relevant annual caps have been exceeded.

Discloseable Transactions

(a) Formation of a Joint Venture for the Acquisition and Development of Land in Xi'an

On 4th March 2022, Chance Ascent Limited ("Chance Ascent"), an indirect wholly-owned subsidiary of the Company, formed a project company (the "Project Company") with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. to acquire the land use rights in respect of land (the "Target Land") located in the Beilin district of Xi'an for a consideration of RMB2,575 million. The Project Company will acquire and hold such land use rights and will be principally engaged in the development of the Target Land. Chance Ascent has a 70% interest in the Project Company and is obliged to contribute approximately RMB2,558 million to its registered capital. Chance Ascent's total capital commitment to the acquisition and development of the Target Land is estimated to be RMB7,000 million. The formation of the Project Company constituted a discloseable transaction for the Company under the Listing Rules, in respect of which an announcement dated 4th March 2022 was published.

(b) Acquisitions of Further Interests in Sino-Ocean Taikoo Li Chengdu

As at 15th December 2022, Sino-Ocean Taikoo Li Chengdu was owned by two holding companies (the "PH companies", together with their respective subsidiaries, the "PH Group") and managed by a property management company (the "PM Company" together with its subsidiaries, the "PM Group"), where the PH Group and the PM Group were owned by the relevant subsidiaries of the Company (the "Purchasers") and the relevant subsidiaries of Sino-Ocean Group Holding Limited ("SOG") (the "Sellers") on a 50:50 basis. The Target Group comprises the PH Group and the PM Group.

On 15th December 2022,

(1) the Purchasers, the Sellers, SOG and Sino-Ocean Service Holding Limited ("SOG Service") (SOG together with SOG Service as the seller guarantors) entered into the first master agreement for the sale and purchase of a 15% interest in the Target Group for a total cash consideration of RMB1,000,000,000 (the "First Transaction");

(2) the relevant Purchaser, the relevant Seller, SOG and SOG Service (SOG together with SOG Service as the seller guarantors) entered into the second master agreement for the sale and purchase of a 35% interest in the PM Group for a cash consideration of RMB59,000,000 (the "Second Transaction"); and

(3) the relevant Purchasers, the relevant Sellers and SOG (as the seller guarantor) entered into the third master agreement for the sale and purchase of a 35% interest in the PH Group for a total cash consideration of RMB4,491,000,000 (the "Third Transaction").

The First Transaction, the Second Transaction and the Third Transaction, when aggregated, constituted a discloseable transaction of the Company under the Listing Rules, in respect of which an announcement dated 15th December 2022 was published.

The First Transaction was completed on 21st December 2022, in respect of which an announcement dated 21st December 2022 was published. The Group's interest in the Target Group increased from 50% to 65% upon completion of the First Transaction.

The Second Transaction was completed on 22nd February 2023. The Group's interest in the PM Group increased further to 100% upon completion of the Second Transaction.

Immediately after completion of the Second Transaction, the Third Transaction was completed on the same date. The Group's interest in the PH Group increased further to 100% upon completion of the Third Transaction. The Target Group became wholly-owned by the Group. An announcement on the completions dated 22nd February 2023 was published.

On behalf of the Board

Guy Bradley
Chairman
Hong Kong, 9th March 2023

SUSTAINABLE DEVELOPMENT

We believe that long-term value creation is dependent on the sustainable development of our business and the communities in which we operate.

In 2022, Swire Properties continued its Sustainable Development (SD) 2030 Strategy which incorporates specific commitments and is designed to integrate sustainability into every aspect of our business. Our SD 2030 Strategy has five pillars:

SD2030

Places | **People** | **Partners** | **Performance (Environment)** | **Performance (Economic)**

The details of our 2025 and 2030 targets and SD initiatives can be found in our Sustainable Development Report 2022.

Rolled out third edition of the "Sustainability We All Count" sustainable development promotion campaign

Hong Kong

Featured 5,000 upcycled "Re-poinsettias" at White Christmas Street Fair 2022

Hong Kong

"Fighting Climate Change, Together We Can"

In February 2022, we launched our third sustainability-themed campaign to showcase our pioneering initiatives to encourage our stakeholders to pursue our ambitious 1.5°C goal and achieve net-zero emissions by 2050. Numerous events were held throughout the year, including public eco-workshops and the "Together We Can" SD Character Contest for colleagues. Gigantic posters were displayed across our office and retail developments, and on social media, to raise public awareness on the importance of climate action.

Places

Places are at the heart of, and central to, the achievement of our SD 2030 Strategy.

Swire Properties Placemaking Academy & White Christmas Street Fair 2022

In 2022, we hosted our fourth youth empowerment programme. Eight students were mentored by our senior management, industry experts and thought leaders, under the Swire Properties Placemaking Academy (SPPA) banner. They designed, planned and executed our White Christmas Street Fair 2022. The theme was "Bloom & Beyond" and it celebrated our placemaking efforts over the past 50 years. With working towards a "zero-waste" event in mind, students embraced circularity and decorated the venue with 5,000 "Re-poinsettias" – upcycled Christmas flowers made from old Cathay Pacific cabin crew uniforms and Swire Hotels bedsheets. In total, over 90% of waste was diverted from landfills. The Street Fair raised over HK$862,000 in 2022 for Operation Santa Claus.

As part of our 50th anniversary celebrations, 50 SPPA students and alumni participated in the Urban Furniture Project to design life-size, functional and cutting-edge "tables & chairs". The furniture will be on permanent display at Taikoo Place for the greater Taikoo Place community to enjoy.

Supporting Arts and Culture in Hong Kong and the Chinese Mainland

The Company continues to promote arts and culture as part of its 50th Anniversary celebrations.

We partnered with Art Basel Hong Kong for the 10th year in 2022. Over the past decade, this collaboration has helped inspire an increasingly dynamic arts scene, and has boosted the city's reputation as an international cultural hub.

In July 2022, we kicked off the first international tour of the Victoria and Albert Museum London's critically acclaimed exhibition, "Bags: Inside Out". The first stop was Taikoo Li Sanlitun in Beijing, followed by layovers at our developments in Shanghai, Guangzhou and Chengdu. The last stop will be Pacific Place in Hong Kong, in 2023.

In November 2022, we launched a specially-commissioned 50th Anniversary-theme botanical art series at Taikoo Place, "Seasons in Continuum". Sculptures reflecting the anniversary theme "Original. Always." were placed at several key spaces, offering an immersive and creative playground for the community to enjoy. We also launched our 50th Anniversary Art NFT Collection, a collaboration with 10 artists from around the world which showcased our creativity and commitment to fostering vibrant communities.

Launched Urban Furniture Project with 50 Swire Properties Placemaking Academy students and alumni

Hong Kong

Hosted "A Day in the Dirt" event at The Underline – a formerly underutilised land plot below Miami's Metrorail

U.S.A.

Street Markets

The Tong Chong Street Market attracted over 462,000 visitors in 2022, despite a six-month hiatus due to COVID-19. Tenants and visitors were again encouraged to bring their own containers and utensils.

In December 2022, Citygate Outlets held the Christmas Outdoor Market featuring over 40 local artisans, social enterprises and NGOs.

Placemaking Efforts in the U.S.A.

Brickell City Centre supported Miami-Dade County's goal of reducing energy and water consumption by 25% over the next five years. In 2022, our development reduced electricity usage by 23%, and water and sewage usage by 20%, compared to 2019; and topped the leaderboard in 2021 as the commercial property with the most significant reduction in energy consumption.

Community Ambassadors in the U.S.A. hosted the "A Day in the Dirt" event to weed and plant to keep The Underline, a formerly underutilised land plot below Miami's Metrorail, clean and beautiful.

We also partnered with South Florida People of Color to celebrate diversity in Black culture. Activities included art series and weekly musical performances, as well as educational content at Brickell City Centre during Black History Month. We also hosted our second "Pride at BCC" celebration featuring seminars and workshops, and retailers shared their equality-related stories. The Miami-Dade Police and other law enforcement agencies from Miami-Dade and Broward Counties hosted a parade featuring pride-branded vehicles.

People

The contributions of our employees are critical to our success.

Employees

Swire Properties employs over 6,000 people (including joint venture companies which the Group jointly operates and manages) across our operating region. Attracting and developing talented colleagues is central to our success. We are an equal opportunities employer and aim to provide a work environment that is respectful, challenging, rewarding and safe.

In 2022, we offered more than 154,000 hours of training and development in leadership and management, technology, IT, sustainability, diversity and inclusion, languages, health and safety and employee wellness.

To drive diversity and inclusion, we set a gender balance target of maintaining female representation at no less than 40%. In 2022, 40.2% of our workforce is female.

Health & Safety

In 2022, we continued to deliver improvements on key indicators with lost time injury rate decreasing by 9.4% and our lost day rate decreasing by 12.4%, compared to 2021.

We revised our Health and Safety Policy which underpins our commitment to providing and maintaining a healthy and safe environment for all stakeholders, and reinforces our Zero Harm commitment.

In 2022, we introduced an app-based near-miss and hazard reporting system, which enables more efficient corrective actions, and supports data analysis to identify trends, and reporting.

Celebrated 10th anniversary of "BOOKS FOR LOVE @ $10"

Hong Kong

Hosted a youth summer camp to mark 5th anniversary of Sichuan Community Centre

Chinese Mainland

We continued to collaborate with our contractors to adopt cutting-edge technology to improve site safety during the construction stage of Two Taikoo Place and Six Pacific Place, including Scaffoldless Lift Installation Method (SLIM), Robotic Water Testing Machine for Curtain Walls, Modular Integrated Mechanical and Electrical Installation (MIMEP) and Smart Helmets (IoT).

At the Development Bureau and Construction Industry Council Construction Safety Awards, Six Pacific Place received Gold awards in the "Contractors for New Works Contracts" and "Innovation Awards for Safety and Environmental Excellence for New Works" categories.

Volunteering

Our Community Ambassadors continued to support the wider community in 2022. In Hong Kong, 1,669 Ambassadors contributed 3,723 hours of service at 41 events. The Programme won the Outstanding Volunteer Group Award at the Hong Kong Volunteer Award 2022, a territory-wide scheme co-organised by the Homes and Youth Affairs Bureau and the Agency for Volunteer Service.

The flagship "BOOKS FOR LOVE @ $10" initiative celebrated its 10th Anniversary and hosted over 30,000 visitors during an eight-day physical event at Taikoo Place. Along with the new online book sale, we raised over HK$1,380,000 for our two charity partners.

Returning for the third year, the "NOODLES FOR LOVE $50 Matching Donation Scheme" generated 3,000 noodle packs for the greater Hong Kong community, in partnership with a Cityplaza retail tenant.

In the Chinese Mainland, 1,849 Ambassadors contributed 2,177 hours of service. A youth summer camp was hosted at the Sichuan Community Centre, which celebrated its 5th Anniversary. During an event at the century-old Chengdu YMCA building, children and volunteers handcrafted special souvenirs for local sanitation workers to thank them for their hard work in keeping the city clean.

In Guangzhou, 80 Ambassadors joined the Mr Fix-it programme to help people in need improve their living conditions through basic structural refurbishment and furnishing.

The "Walk for Love" programme saw support from 1,489 Community Ambassadors across our operating cities in the Chinese Mainland. We raised 848 hygiene kits for Tibetan Primary School students.

Partners

Our business partners play a critical part in the success of our SD 2030 Strategy.

Suppliers

We include our suppliers in our approach to sustainable development. We address sustainability and manage risks related to regulatory compliance, environmental protection, health and safety, labour practices, human rights, product responsibility and sustainable purchasing, in our supply chain, through our supplier monitoring and evaluation system, our supplier code of conduct and sustainable procurement tracking system. In 2022, HK$1,477 million worth of sustainable products and services were procured.

Tenants

We work closely with our commercial tenants to integrate sustainability into their operations; and offer our office and retail tenants in Hong Kong and the Chinese Mainland free energy audits to identify energy-saving opportunities. As at

Over 1,400 Community Ambassadors participated in "Walk for Love" charity initiative

Chinese Mainland

Celebrated achievements with tenants who joined the Green Performance Pledge Pilot programme

Hong Kong

31 December 2022, these audits covered approximately 6 million square feet of tenanted area.

Since 2019, we have presented Green Kitchen Awards to 76 F&B tenants in Hong Kong and the Chinese Mainland. By installing energy-efficient kitchen appliances and well-designed ventilation systems together with recycling waste, these tenants have saved energy and water, reduced waste and improved the kitchen environment.

Under our Green Performance Pledge ("GPP"), we have been collaborating with office tenants on fit-out and operations to improve their energy, water and waste recycling performance. We aim to have 50% of office tenants sign the GPP by 2025. We launched the GPP pilot in August 2021 and organised an awards ceremony in September 2022 to celebrate the collective achievements of participants. As at 31 December 2022, 52 tenants have signed the GPP, representing 37.9% of occupied lettable floor area (covering over 2.5 million square feet) from the Company's Hong Kong office portfolio.

In 2022, Taikoo Place and Pacific Place became the first WiredScore-certified portfolios in Hong Kong, with Two Taikoo Place and Six Pacific Place being the first buildings in Hong Kong to be both WiredScore and SmartScore Platinum certified.

PROJECT AFTER 6

We hosted five music performances in 2022, reaching over 1,100 of our tenants' staff from 71 companies.

The Loop

This year, we expanded The Loop urban farms to One Pacific Place, making it the fifth farm in our Hong Kong office portfolio. The five urban farms have collectively yielded approximately 500 kg of crops. As of December 2022, we have donated approximately 275 kg of food, equivalent to over 3,600 packed meals, to local food bank Feeding Hong Kong. The Loop initiative has engaged over 1,350 of our tenants' staff via the Farm Club, events and workshops.

+UP! Better Living Pop-ups

Taikoo Place held the "+UP! Better Living Pop-ups" campaign from October to November 2022, featuring a lifestyle-themed pop-up shop and a series of wellness-inspired activities at ArtisTree. More than 350 office executives from 18 tenant companies took part in the corporate 8-Hour Charity Spin and inaugural indoor golf tournament. We raised over HK$508,000 for charity Laureus Sport for Good Foundation, of which HK$350,000 was donated by Swire Properties.

Annual Shopper Research

This programme was conducted at our nine malls in Hong Kong and the Chinese Mainland, with the aim of identifying shopper profiles and gauging customer behaviour. Visitors to peer malls were also interviewed. Results from the studies will help gauge the performance of our malls and provide actionable insights for management teams.

Performance (Environment)

As a leading property developer, we are committed to building and managing our developments sustainably.

Climate Change

In 2022, we continued to progress steadily towards our 1.5°C-aligned science-based targets, as part of our core strategy to reach net-zero emissions by 2050. This year,

Raised over HK$508,000 for charity through a series of wellness campaigns, including an 8-hour spinning race

Hong Kong

Expanded network for Hong Kong's first smart reusable cup system

Hong Kong

we achieved a 28% absolute Scope 1 and 2 carbon reduction compared to the 2019 baseline for our global portfolio. We continued to adopt innovative low-carbon technologies and management practices and invest in energy research and development.

Two Taikoo Place, one of our newest major Hong Kong developments, has adopted a lifecycle carbon management approach to identify emissions reduction opportunities. During the construction stage, the project adopted almost 100% Platinum-grade low-carbon concrete certified under the Construction Industry Council Green Product Certification. Structural steel and rebar with high recycled content were also used. To support low-carbon building operations, Two Taikoo Place has adopted several industry-leading energy-efficiency technologies and renewable energy installations.

Energy

In 2022, our electricity-use intensity decreased by 12.9% compared to a 2019 baseline at our Hong Kong and Chinese Mainland properties. The reduction reflected better monitoring of heating, ventilation and air-conditioning systems via our cloud-based smart-energy management platform; the introduction of electrically-commutated motor plug fans; the retrofitting of air-conditioning systems; and the use of more energy-efficient lighting. We continued to explore ways to increase on-site renewable energy generation across our portfolios. In 2022, we installed a 30 kW Photovoltaic ("PV") system at Devon House and a 78 kW PV system at Dorset House.

Swire Properties' energy management efforts have been recognised. The Company received first place at the ASHRAE Technology Award 2023 – Commercial Buildings Existing Building Commissioning (EBCx), and awarded the winner of Best Digital Innovation at the CIBSE Building Performance Awards 2023. Teaming up with a digital automation and energy-management company in the "Global AI Challenge for Building Electrical and Mechanical Facilities" to develop a building cooling load prediction model, the joint team won a Gold Award and the Grand Prize – Alliance Contracting Outstanding AI Influencer Award, and scored the best model accuracy in the Open Group, out of 44 global teams.

Resources & Circularity

In 2022, we continued efforts to digitalise tenants' waste data via the Smart Waste Reduction Challenge. In total we engaged five of our offices and 13 tenants, and kicked off a brand-new smart mobile scale pilot with seven office tenants.

To further drive a circular economy, Swire Properties partnered with a sustainable asset management specialist to launch an office furniture solution for Taikoo Place and Pacific Place tenants. As at December 2022, the initiative helped five tenants divert more than 1,300 pieces of furniture from landfills, totalling nearly 40 tonnes.

Swire Properties also partnered with Redress, a local environmental charity that tackles the issue of textile waste, for the fourth consecutive year. We supported "Get Redressed Month" with 19 public collection boxes across our Hong Kong developments. Over 16 tonnes of second-hand clothes were sorted with the help of over 640 volunteers from 36 companies.

In June 2022, the Starstreet Precinct launched the "Recycle Your Bottles" campaign and invited the neighbourhood to

Launched "Recycle Your Bottles" campaign to collect and upcycle end-of-life plastics into Starstreet Precinct Christmas decorations

Hong Kong

Partnered with ecopreneur HK Timberbank to launch an upcycled wood bench installation at Citygate Outlets

Hong Kong

collect PET plastic bottles. Approximately 1,700 plastic bottles were collected and later converted into Christmas decorations at the Starstreet Precinct.

In October 2022, Citygate Outlets partnered up with ecopreneur HK Timberbank to curate the "WOOD" You project. An upcycled wooden bench installation, made from dead and dying trees collected from different parts of Lantau Island, was created and place in the Mall.

To promote reuse, we expanded our smart reusable cup network at Taikoo Place to 10 café partners and began offering cups in more sizes. Since its launch, the initiative has prevented the disposal of over 16,800 single-use cups.

In 2022, over 75% of our F&B tenants and 113 office tenanted floors across our Hong Kong developments recycle food waste.

Green Building

In 2022, Taikoo Hui in Guangzhou achieved a Platinum rating under LEED v4 for Building Operations and Maintenance: Existing Buildings, and a Platinum rating under WELL v2 Core Certification. Taikoo Li Sanlitun in Beijing achieved a Platinum rating under LEED v4.1 for Operations and Maintenance: Existing Buildings. Pacific Place and Lincoln House in Hong Kong achieved Platinum ratings under BEAM Plus for Existing Building v2.0.

Swire Properties won the Pioneer Award in Green Building Leadership Category (Facilities Management) at the Green Building Award 2021, organised by the Hong Kong Green Building Council and the Professional Green Building Council; and was the Sustainability Award winner at the RICS Awards 2022 Hong Kong.

The efforts at Two Taikoo Place generated the "Grand Award for the New Building Category (Projects Under Construction and/or Design – Commercial)" at the Green Building Award 2021.

Performance (Economic)

We believe that long-term value creation depends on the sustainable development of our business.

Details of our financial performance in 2022 can be found in other parts of this report.

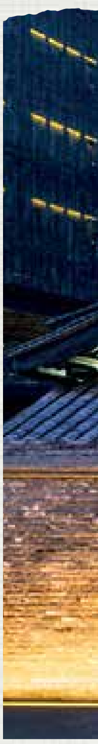
In 2022, the Company ranked fourth out of 500-plus real estate companies in the world and first in Asia in the Dow Jones Sustainability World Index. It retained its Global Sector Leader title under the Global Real Estate Sustainability Benchmark for the sixth consecutive year; ranked number one in the Hang Seng Corporate Sustainability Index for the fifth consecutive year, and achieved the highest "AAA" rating under MSCI Environmental, Social and Governance Ratings.

At the Hong Kong Management Association's 2022 Best Annual Reports Awards, Swire Properties' Sustainable Development Report 2021 won the Best Environmental, Social and Governance Reporting Award in the Property Development and Investment category. We also won the ESG Award in the Non-Hang Seng Index (Large Market Capitalisation) Category at the Best Corporate Governance and ESG Awards 2022, organised by the Hong Kong Institute of Certified Public Accountants.

As of 31 December 2022, approximately 60% of our financing comes from green bonds, sustainability-linked loans and green loans.

Further details of our sustainable development performance, including details of our SD 2030 Strategy, can be found in our Sustainable Development Report 2022.

The Middle House



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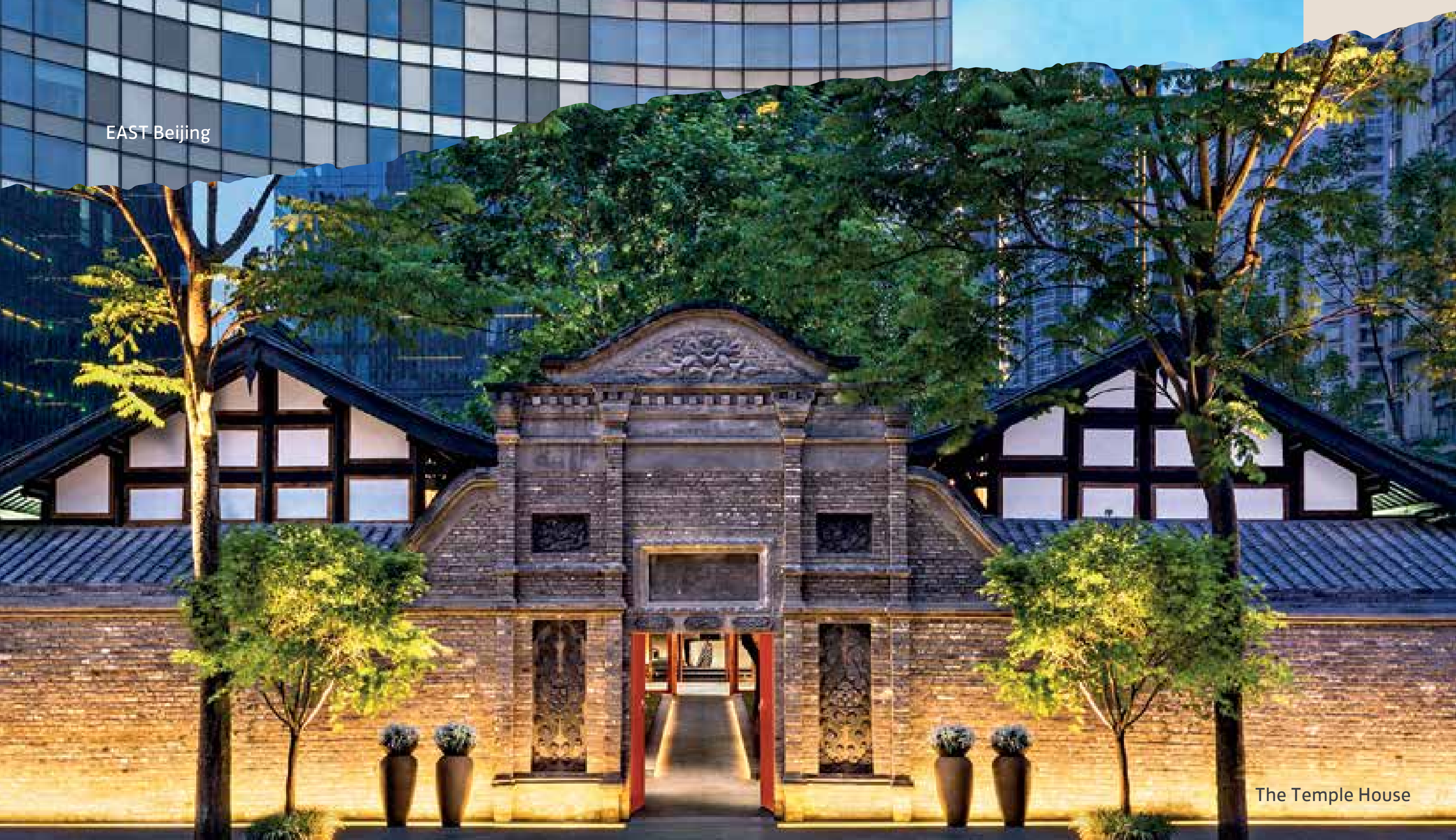
SUPPLEMENTARY INFORMATION

EAST Beijing


The Temple House

INDEPENDENT AUDITOR'S REPORT

pwc

To the Shareholders of Swire Properties Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Swire Properties Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 134 to 203, comprise:

- the consolidated statement of financial position as at 31st December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Key Audit Matters

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

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Key Audit Matter

Valuation of investment properties

Refer to note 16 to the consolidated financial statements

The fair value of the Group's investment properties amounted to HK$271,368 million at 31st December 2022, with a fair value gain of HK$801 million recorded in the consolidated statement of profit or loss for the year.

Valuations were obtained from third party valuers (the "valuer") in respect of 97% of the investment properties as at 31st December 2022. The valuations are dependent on certain key assumptions that require significant management judgement, including capitalisation rates and market rents. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin.

How our audit addressed the Key Audit Matter

Our procedures in relation to the valuation of investment properties included:

- Understanding management's controls and processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
- Evaluating of the valuers' competence, capabilities, independence and objectivity;
- Meeting the valuers to discuss the valuations and key assumptions used;
- Reviewing of the external valuation reports to assess the appropriateness of methodologies used;
- Comparing of the capitalisation rates, market rents and expected developer's profit margin used by the valuers to an estimated range, determined by reference to publicly available information by our in-house valuation experts;
- Checking the accuracy of the rental data provided by management to the valuers by agreeing them on a sample basis to the Group's records; and
- For investment properties under development, comparing the estimated construction costs to complete with the Group's budgets.

We found the key assumptions were supported by the available evidence. We found the disclosures in note 16 to be appropriate.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. The other information does not include the specific information presented therein that is identified as being an integral part of the consolidated financial statements and, therefore, covered by our audit opinion on the consolidated financial statements.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and the Audit Committee 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.

The Audit Committee is 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. We report 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 judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is John J. Ryan.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 9th March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December 2022

	Note	2022 HK$M	2021 HK$M Restated
Revenue	4	**13,826**	16,318
Cost of sales	5	**(4,303)**	(5,801)
Gross profit		**9,523**	10,517
Administrative and selling expenses		**(1,713)**	(1,888)
Other operating expenses		**(186)**	(200)
Other net gains	6	**79**	1,231
Gains on disposal of subsidiary companies	43(c)	**520**	121
Change in fair value of investment properties		**801**	(1,947)
Operating profit		**9,024**	7,834
Finance charges		**(359)**	(607)
Finance income		**172**	230
Net finance charges	10	**(187)**	(377)
Share of profit less losses of joint venture companies		**1,443**	1,868
Share of profit less losses of associated companies		**12**	(82)
Profit before taxation		**10,292**	9,243
Taxation	11	**(2,065)**	(1,964)
Profit for the year		**8,227**	7,279
Profit for the year attributable to:			
The Company's shareholders	36	**7,980**	7,112
Non-controlling interests	38	**247**	167
		8,227	7,279
		HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	14	**1.36**	1.22

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2022

	2022 HK$M	2021 HK$M Restated
Profit for the year	**8,227**	7,279
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of properties previously occupied by the Group		
– gains recognised during the year	**–**	94
– deferred tax	**–**	(4)
Defined benefit plans		
– remeasurement gains/(losses) recognised during the year	**245**	(26)
– deferred tax	**(40)**	4
	205	68
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
– losses recognised during the year	**(16)**	(38)
– transferred to net finance charges	**(13)**	14
– transferred to operating profit	**(1)**	–
– deferred tax	**5**	4
Share of other comprehensive income of joint venture and associated companies	**(1,744)**	561
Net translation differences on foreign operations recognised during the year	**(3,323)**	1,093
	(5,092)	1,634
Other comprehensive income for the year, net of tax	**(4,887)**	1,702
Total comprehensive income for the year	**3,340**	8,981
Total comprehensive income attributable to:		
The Company's shareholders	**3,203**	8,791
Non-controlling interests	**137**	190
	3,340	8,981

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2022

	Note	31st December 2022 HK$M	31st December 2021 HK$M Restated	1st January 2021 HK$M Restated
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	**3,165**	3,381	4,322
Investment properties	16	**271,368**	267,959	267,003
Intangible assets	17	**208**	203	198
Right-of-use assets	18	**2,482**	2,442	3,301
Properties held for development	19	**1,208**	1,207	1,200
Joint venture companies	20	**24,589**	21,935	15,744
Loans due from joint venture companies	20	**15,273**	15,619	15,357
Associated companies	21	**473**	461	543
Loans due from associated companies	21	**52**	–	–
Derivative financial instruments	30	**96**	133	145
Deferred tax assets	31	**64**	78	73
Financial assets at fair value through profit or loss		**460**	439	985
Other financial assets at amortised cost	32	**–**	522	508
Retirement benefit assets	34	**14**	–	–
		319,452	314,379	309,379
Current assets				
Properties for sale	23	**8,264**	6,411	3,538
Stocks		**72**	71	72
Trade and other receivables	24	**2,834**	2,220	2,127
Amounts due from immediate holding company – Swire Pacific Limited	25	**–**	1	16
Derivative financial instruments	30	**–**	19	–
Short-term deposits maturing after three months		**–**	–	30
Cash and cash equivalents	26	**4,502**	14,833	21,202
		15,672	23,555	26,985
Assets classified as held for sale	33	**2,038**	1,740	384
		17,710	25,295	27,369
Current liabilities				
Trade and other payables	27	**10,008**	9,339	8,001
Contract liabilities		**14**	120	22
Taxation payable		**185**	348	576
Derivative financial instruments	30	**–**	7	–
Short-term loans		**–**	–	94
Long-term loans and bonds due within one year	29	**700**	9,000	1,820
Lease liabilities due within one year	28	**79**	49	70
		10,986	18,863	10,583
Net current assets		**6,724**	6,432	16,786
Total assets less current liabilities		**326,176**	320,811	326,165
Non-current liabilities				
Long-term loans and bonds	29	**22,135**	15,601	25,343
Long-term lease liabilities	28	**535**	517	510
Derivative financial instruments	30	**–**	–	42
Other payables	27	**–**	150	–
Deferred tax liabilities	31	**11,248**	10,746	9,991
Retirement benefit liabilities	34	**–**	187	135
		33,918	27,201	36,021
NET ASSETS		**292,258**	293,610	290,144
EQUITY				
Share capital	35	**10,449**	10,449	10,449
Reserves	36	**278,762**	281,175	277,767
Equity attributable to the Company's shareholders		**289,211**	291,624	288,216
Non-controlling interests	38	**3,047**	1,986	1,928
TOTAL EQUITY		**292,258**	293,610	290,144

Guy Bradley
May Y. Wu
Directors

Hong Kong, 9th March 2023

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2022

	Note	2022 HK$M	2021 HK$M
Operating activities			
Cash generated from operations	43(a)	6,332	7,028
Interest paid		(742)	(768)
Interest received		117	203
Tax paid		(1,127)	(1,635)
		4,580	4,828
Dividends received from joint venture and associated companies and financial assets at fair value through other comprehensive income		176	217
Net cash from operating activities		4,756	5,045
Investing activities			
Purchase of property, plant and equipment	43(b)	(133)	(180)
Additions of investment properties		(7,096)	(3,860)
Purchase of intangible assets		(58)	(52)
Proceeds from disposal of property, plant and equipment		–	889
Proceeds from disposal of investment properties		609	2,869
Proceeds from disposal of subsidiary companies, net of cash disposed of	43(c)	1,060	212
Proceeds from disposal of financial assets at fair value through profit or loss		–	973
Purchase of shares in joint venture companies		(1,720)	–
Purchase of financial assets at fair value through profit or loss		(20)	(390)
Equity to joint venture companies		(1,123)	(3,986)
Loans to joint venture companies		(108)	(787)
Repayment of loans by joint venture companies		917	613
Advances from joint venture companies		–	479
Repayment of advances from joint venture companies		(200)	–
Loans to associated companies		(52)	–
Decrease in deposits maturing after three months		–	30
Initial leasing costs incurred		(75)	(6)
Net cash used in investing activities		(7,999)	(3,196)
Net cash (outflow)/inflow before financing activities		(3,243)	1,849
Financing activities			
Loans drawn and refinanced		7,237	1,400
Repayment of loans and bonds		(9,009)	(4,184)
Principal elements of lease payments		(66)	(72)
		(1,838)	(2,856)
Capital contribution from a non-controlling interest		1,003	–
Dividends paid to the Company's shareholders	36	(5,616)	(5,383)
Dividends paid to non-controlling interests	38	(96)	(132)
Net cash used in financing activities		(6,547)	(8,371)
Decrease in cash and cash equivalents		(9,790)	(6,522)
Cash and cash equivalents at 1st January		14,833	21,202
Effect of exchange differences		(541)	153
Cash and cash equivalents at 31st December		4,502	14,833
Represented by:			
Bank balances and short-term deposits maturing within three months	26	4,502	14,833

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2022

	Note	Attributable to the Company's shareholders				Non-controlling interests	Total equity
		Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	HK$M	HK$M
At 1st January 2022							
– as originally stated		**10,449**	**277,961**	**3,745**	**292,155**	**2,003**	**294,158**
– impact of adjustments in note 1(c)		**–**	**(522)**	**(9)**	**(531)**	**(17)**	**(548)**
– as restated		**10,449**	**277,439**	**3,736**	**291,624**	**1,986**	**293,610**
Profit for the year		**–**	**7,980**	**–**	**7,980**	**247**	**8,227**
Other comprehensive income		**–**	**205**	**(4,982)**	**(4,777)**	**(110)**	**(4,887)**
Total comprehensive income for the year	*36, 38*	**–**	**8,185**	**(4,982)**	**3,203**	**137**	**3,340**
Capital contribution from a non-controlling interest		**–**	**–**	**–**	**–**	**1,020**	**1,020**
Dividends paid		**–**	**(5,616)**	**–**	**(5,616)**	**(96)**	**(5,712)**
At 31st December 2022		**10,449**	**280,008**	**(1,246)**	**289,211**	**3,047**	**292,258**

	Note	Attributable to the Company's shareholders				Non-controlling interests	Total equity
		Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	HK$M	HK$M
At 1st January 2021							
– as originally stated		10,449	276,245	2,042	288,736	1,944	290,680
– impact of adjustments in note 1(c)		–	(513)	(7)	(520)	(16)	(536)
– as restated		10,449	275,732	2,035	288,216	1,928	290,144
Profit for the year (restated)		–	7,112	–	7,112	167	7,279
Other comprehensive income (restated)		–	(22)	1,701	1,679	23	1,702
Total comprehensive income for the year (restated)	*36, 38*	–	7,090	1,701	8,791	190	8,981
Dividends paid		–	(5,383)	–	(5,383)	(132)	(5,515)
At 31st December 2021 (restated)		10,449	277,439	3,736	291,624	1,986	293,610

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal activity of the Company is that of a holding company. The principal activities of its major subsidiary, joint venture and associated companies are shown on pages 201 to 203.

1. Changes in Accounting Policies and Disclosures

(a) The following revised standards were required to be adopted by the Group effective from 1st January 2022:

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual improvements project	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments

None of the revised standards had a significant effect on the Group's consolidated financial statements or accounting policies.

(b) The Group has not early adopted the following relevant new and revised standards and interpretations that have been issued but are effective for annual periods beginning on or after 1st January 2023 and such standards have not been applied in preparing these consolidated financial statements.

Amendments to HKAS 1, HKAS 8 and HKAS 12	Narrow-scope Amendments[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts[1]
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKAS 1	Classification of Liabilities as Current and Non-current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 To be applied by the Group from 1st January 2023.
2 To be applied by the Group from 1st January 2024.
3 The effective date is to be determined.

None of these new and revised standards and interpretations is expected to have a significant effect on the Group's consolidated financial statements.

(c) Change in accounting policy on lessor forgiveness of lease payments

In October 2022, the IASB finalised the agenda decision approved by the IFRS Interpretation Committee ('IFRS IC') on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)". The agenda decision addresses the accounting from the perspective of the lessor, and in particular:

– how the expected credit loss ('ECL') model in IFRS 9 should be applied to the operating lease receivable when the lessor expects to forgive payments due from the lessee under the lease contract before the rent concession is granted; and
– whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for the rent concession.

The IFRS IC concluded that in reporting periods before the forgiveness of lease payments have been granted, the lessor should measure the ECL on operating lease receivables on a probability-weighted basis, by evaluating a range of possible outcomes, including its expectation of forgiving lease payments that have been recognised as an operating lease receivable. This is on the assumption that there is reasonable and supportable information, that is available without undue cost or effort, and that the expectation of forgiving the lease payments reflects a potential cash shortfall which should be taken into account in the ECL measurement.

In previous years, all the rent concession granted to tenants were treated as lease modifications under HKFRS 16 and were amortised over the remaining periods of the leases.

1. Changes in Accounting Policies and Disclosures *(continued)*

(c) Change in accounting policy on lessor forgiveness of lease payments *(continued)*

The Group has changed its accounting policy having regard to the IASB agenda decision. In applying the requirements in HKFRS 9, the Group re-measures the ECL on its operating lease receivables immediately prior to the date the lease payments are forgiven, with any changes being recognised as rental outgoings in the consolidated statement of profit or loss. Once the lease payments are forgiven, the Group derecognises the operating lease receivable, including any associated ECL allowance. Lease payment forgiven that are not associated with operating lease receivables are recognised as lease modifications under HKFRS 16.

The change in accounting policy has been applied retrospectively by restating the balances at 31st December 2021 and 1st January 2021, and the results for the year ended 31st December 2021:

	As previously reported HK$M	Effect of change HK$M	As restated HK$M
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2021			
Revenue	15,891	427	16,318
Cost of sales	(5,369)	(432)	(5,801)
Share of profit less losses of joint venture companies	1,870	(2)	1,868
Taxation	(1,961)	(3)	(1,964)
Profit for the year attributable to:			
– The Company's shareholders	7,121	(9)	7,112
– Non-controlling interests	168	(1)	167
Net translation differences on foreign operations recognised during the year	1,095	(2)	1,093
Total comprehensive income attributable to:			
– The Company's shareholders	8,802	(11)	8,791
– Non-controlling interests	191	(1)	190
Consolidated Statement of Financial Position at 31st December 2021			
Assets			
Joint venture companies	21,999	(64)	21,935
Trade and other receivables	2,805	(585)	2,220
		(649)	
Liabilities			
Deferred tax liabilities	10,847	(101)	10,746
		(101)	
Equity			
Reserves	281,706	(531)	281,175
Non-controlling interests	2,003	(17)	1,986
		(548)	
Consolidated Statement of Financial Position at 1st January 2021			
Assets			
Joint venture companies	15,806	(62)	15,744
Trade and other receivables	2,704	(577)	2,127
		(639)	
Liabilities			
Deferred tax liabilities	10,094	(103)	9,991
		(103)	
Equity			
Reserves	278,287	(520)	277,767
Non-controlling interests	1,944	(16)	1,928
		(536)	

1. Changes in Accounting Policies and Disclosures *(continued)*

(c) Change in accounting policy on lessor forgiveness of lease payments *(continued)*

The change in accounting policy affected the following items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31st December 2022 and the consolidated statement of financial position at 31st December 2022:

	Under previous accounting policy HK$M	Effect of change HK$M	As reported HK$M
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2022			
Revenue	13,421	405	13,826
Cost of sales	(3,984)	(319)	(4,303)
Share of profit less losses of joint venture companies	1,429	14	1,443
Taxation	(2,046)	(19)	(2,065)
Profit for the year attributable to:			
– The Company's shareholders	7,902	78	7,980
– Non-controlling interests	244	3	247
Net translation differences on foreign operations recognised during the year	(3,322)	(1)	(3,323)
Total comprehensive income attributable to:			
– The Company's shareholders	3,126	77	3,203
– Non-controlling interests	134	3	137
Consolidated Statement of Financial Position at 31st December 2022			
Assets			
Joint venture companies	24,639	(50)	24,589
Trade and other receivables	3,334	(500)	2,834
		(550)	
Liabilities			
Taxation payable	245	(60)	185
Deferred tax liabilities	11,270	(22)	11,248
		(82)	
Equity			
Reserves	279,216	(454)	278,762
Non-controlling interests	3,061	(14)	3,047
		(468)	

2. Financial Risk Management

Financial risk factors

In the normal course of business the Group is exposed to financial risks attributable to interest rates, currencies, credit and liquidity.

Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

2. Financial Risk Management *(continued)*

(i) Interest rate exposure

The Group's interest rate risk arises primarily from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group earns interest income on cash deposits and some loans due from joint venture and associated companies.

The Group uses interest rate swaps to manage its long-term interest rate exposure.

The impact on the Group's consolidated statements of profit or loss and other comprehensive income of a 100 basis-points increase or decrease in market interest rates from the rates applicable at 31st December, with all other variables held constant, would have been:

	100 basis-points increase in interest rates HK$M	100 basis-points decrease in interest rates HK$M
At 31st December 2022		
Impact on profit or loss: (losses)/gains	**(34)**	**34**
Impact on other comprehensive income: gains/(losses)	**4**	**(3)**
At 31st December 2021		
Impact on profit or loss: gains/(losses)	107	(74)
Impact on other comprehensive income: gains/(losses)	33	(34)

This analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profit or losses. The analysis assumes the following:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments
- Changes in market interest rates only affect interest income or expense in relation to fixed rate financial instruments if these are recognised at fair value
- Changes in market interest rates affect the fair value of derivative financial instruments
- All other financial assets and liabilities are held constant

(ii) Currency exposure

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Chinese Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations.

The Group is not subject to any significant foreign currency risk as the revenue, expenses and borrowings of the Group's foreign operating subsidiaries are denominated in the functional currencies of those operations. However, the Group is exposed to insignificant foreign exchange risk on US dollar medium-term notes and the Group managed this exposure by hedging through cross-currency swap contracts entered by the Group.

Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency.

Foreign currency funding and deposit exposure is monitored by the treasury department on a continuous basis. The Finance Director of the Group approve all foreign currency hedges prior to implementation.

The impact on the Group's consolidated statements of profit or loss and other comprehensive income of a strengthening or weakening in the Hong Kong dollar against the US dollar from the year-end rate of 7.7974 (2021: 7.7966), with all other variables held constant, would have been:

2. Financial Risk Management *(continued)*

(ii) Currency exposure (continued)

	Strengthening in HKD to lower peg limit (7.75) HK$M	Weakening in HKD to upper peg limit (7.85) HK$M
At 31st December 2022		
Impact on profit or loss	**–**	**–**
Impact on other comprehensive income	**–**	**–**
At 31st December 2021		
Impact on profit or loss	–	–
Impact on other comprehensive income: (losses)/gains	(6)	7

The analysis is based on a hypothetical situation, as in practice market exchange rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

– All foreign currency cash flow hedges are highly effective
– Currency risk does not arise from financial assets or liabilities denominated in the functional currencies of the Company and its subsidiary companies
– Currency risk does not arise from financial instruments that are non-monetary items

(iii) Credit exposure

The Group's credit risk is primarily attributable to trade and other receivables, derivative financial instruments, receivables from joint venture companies and associated companies and cash and deposits with banks and financial institutions.

Risk management
The exposure to these credit risks is closely monitored on a continuous basis by reference to established credit policies. For banks and financial institutions, only independently rated parties with investment grade credit ratings are accepted as counterparties. Tenants are assessed and rated based on their credit quality, taking into account their financial position, past experience and other factors. The Group does not grant credit terms to its customers, except to corporate customers in the hotel division where commercial trade credit terms are given. The Group also holds non-interest-bearing rental deposits as security against trade debtors. In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, joint venture and associated companies through exercising control, joint control or significant influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

The Group has the following major types of assets that are subject to the expected credit loss model:

– Trade receivables
– Other financial assets at amortised cost

Trade receivables
The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. As the Group's historical credit loss experience does not indicate different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the Group's different customer segments. The expected loss rates are based on historical payment profiles. These rates are adjusted to reflect current and forward-looking information about economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators include the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment charges on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited to the same line item.

Other financial assets at amortised cost
Other financial assets at amortised cost include other receivables and loans due from related parties. Loans due from joint venture, associated and other related companies are considered to have low credit risk as the financial positions and performances of these companies are regularly monitored and reviewed by management of the Group.

2. Financial Risk Management *(continued)*

(iv) Liquidity exposure

The Group takes liquidity risk into consideration when deciding its sources of funds and their tenors, so as to avoid over reliance on funds from any one source and to prevent substantial refinancing in any one period. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the head office. The head office monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

The tables below analyse the contractual undiscounted cash flows of the Group's non-derivative financial liabilities and net-settled derivative financial liabilities by relevant maturity groupings based on the remaining periods at the year-end date to the earliest contractual maturity dates.

At 31st December 2022

	Note	Carrying amount HK$M	Total contractual undiscounted cash flow HK$M	Within 1 year or on demand HK$M	More than 1 year but less than 2 years HK$M	More than 2 years but less than 5 years HK$M	More than 5 years HK$M
Trade creditors	*27*	**812**	**812**	**812**	**–**	**–**	**–**
Rental deposits from tenants	*27*	**2,715**	**2,715**	**840**	**551**	**1,011**	**313**
Other payables	*27*	**5,890**	**5,890**	**5,890**	**–**	**–**	**–**
Put option in respect of a non-controlling interest	*27*	**590**	**590**	**590**	**–**	**–**	**–**
Lease liabilities	*28*	**614**	**715**	**98**	**89**	**228**	**300**
Borrowings (including interest obligations)	*29*	**22,835**	**25,520**	**1,369**	**2,518**	**16,496**	**5,137**
Financial guarantee contracts	*40*	**–**	**4,254**	**4,254**	**–**	**–**	**–**
		33,456	**40,496**	**13,853**	**3,158**	**17,735**	**5,750**

At 31st December 2021

	Note	Carrying amount HK$M	Total contractual undiscounted cash flow HK$M	Within 1 year or on demand HK$M	More than 1 year but less than 2 years HK$M	More than 2 years but less than 5 years HK$M	More than 5 years HK$M
Trade creditors	*27*	721	721	721	–	–	–
Rental deposits from tenants	*27*	2,782	2,782	754	609	984	435
Other payables	*27*	5,425	5,432	5,278	52	102	–
Put option in respect of a non-controlling interest	*27*	551	551	551	–	–	–
Lease liabilities	*28*	566	682	66	69	166	381
Borrowings (including interest obligations)	*29*	24,601	27,086	9,584	679	9,358	7,465
Derivative financial instruments	*30*	7	7	7	–	–	–
Financial guarantee contracts	*40*	–	3,719	3,719	–	–	–
		34,653	40,980	20,680	1,409	10,610	8,281

3. Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, inevitably, seldom be equal to the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed in the relevant notes as follows:

(a) Impairment of property, plant and equipment (note 15)
(b) Fair value of investment properties (note 16)
(c) Retirement benefits (note 34)

4. Revenue

Accounting Policy

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. Provided the collectability of the related receivable is probable, revenue is recognised as follows:

(a) Rental income is recognised when a lease commences. According to the contractual terms, leased properties do not have alternative uses to the Group after the leasing period stipulated in the signed tenancy agreements commence. Rental income is recognised on a straight-line basis over the shortest of (i) the remaining lease term, (ii) the period to the next rent review date and (iii) the period from the commencement date of the lease to the first break option date (if any), exclusive of any turnover rent (if applicable) and other charges and reimbursements (if any). Where the lease includes a rent-free period, the rental income foregone is allocated evenly over the lease term. Turnover rent is recognised when the lessee's revenue transaction is recognised. Rental income forgiven (not recognised as an expected credit loss of operating lease receivables) is treated as a lease modification, and the revised future lease income under the new lease, including any prepaid or accrued lease income relating to the original lease is subsequently recognised as income on a straight-line basis.

(b) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the buyers. According to the contractual terms, the properties generally do not have alternative uses to the Group after the signing of sales contracts with the buyers. However, in Hong Kong and the U.S.A., an enforceable right to payment does not arise until legal title of the property has been transferred to the buyer. Therefore, revenue is recognised upon completion of the transfer of legal title to the buyer. Revenue from sales of properties in Singapore is recognised over time because, after the signing of a sales contract with the buyer, the Group has an enforceable right to payment for performance completed to date. Revenue from sales of these properties is recognised based on the stage of completion of the contract using the input method.

(c) Sale of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership. Sales of food and beverages happen at a point in time and do not include any significant separate performance obligations.

(d) Sales of services, including services provided by hotel operations and estate management, are recognised when the services are rendered. Revenue is recognised over time rather than at a point in time.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust transaction prices for the time value of money.

4. Revenue *(continued)*

Accounting Policy *(continued)*

Definition of terms

Contract asset: An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time (for example, the entity's future performance).

Contract liability: An entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

When the Group enters into sale and purchase contracts for properties or sale contracts for services other than tenancy agreements, if the performance obligations fulfilled by the Group exceed the total payments received to date, a contract asset is recognised; if the total payments received to date exceed the performance obligation fulfilled, a contract liability is recognised. Deposits received upon signing of sale and purchase contracts, or sale contracts are recognised as contract liabilities.

Direct costs incurred to obtain a contract are capitalised if the Group expects to recover those costs. Costs of obtaining a contract are amortised on a straight-line basis over the expected life of the contract. The Group has elected to adopt the practical expedient to expense such direct costs to profit or loss since the period of amortisation is generally one year or less with no material impact to the Group.

Contract asset and contract liability are defined in HKFRS 15 "Revenue from Contracts with Customers". These two terms do not apply to rental income from lease agreements, which is specifically excluded from the scope of HKFRS 15.

Revenue represents sales by the Company and its subsidiary companies to external customers and comprises:

	2022 HK$M	2021 HK$M Restated
Gross rental income from investment properties	**12,226**	12,879
Property trading	**921**	2,443
Hotels	**565**	894
Rendering of other services	**114**	102
	13,826	16,318

	2022 HK$M	2021 HK$M
Revenue recognised in the current reporting period that was related to the contract liability balance at the beginning of the year	**120**	4

Of the contract liabilities of HK$14 million outstanding at 31st December 2022 (2021: HK$120 million), HK$14 million (2021: HK$120 million) is expected to be recognised as revenue within one year.

The following table shows unsatisfied performance obligations resulting from contracts with customers.

	2022 HK$M	2021 HK$M
Aggregate amount of the transaction price allocated to revenue contracts that are partially or fully unsatisfied at the end of the year	**90**	992

Of the amount disclosed above at 31st December 2022, HK$90 million (2021: HK$992 million) is expected to be recognised as revenue within one year.

5. Cost of Sales

	2022 HK$M	2021 HK$M Restated
Direct rental outgoings in respect of investment properties that		
– generated rental income	**2,798**	2,885
– did not generate rental income	**199**	177
	2,997	3,062
Property trading	**621**	1,856
Hotels	**685**	883
	4,303	5,801

6. Other Net Gains

	2022 HK$M	2021 HK$M
Gains on disposal of investment properties	**31**	1,028
Gains on disposal of property, plant and equipment	**–**	9
Gains on disposal of assets classified as held for sale	**20**	36
Change in fair value of assets classified as held for sale	**48**	42
Change in fair value of financial assets at fair value through profit or loss	**–**	(12)
Net foreign exchange (losses)/gains	**(107)**	60
Government subsidies	**31**	15
Others	**56**	53
	79	1,231

7. Expenses by Nature

Expenses included in cost of sales, administrative and selling expenses, and other operating expenses are analysed as follows:

	2022 HK$M	2021 HK$M Restated
Impairment charged on trade receivables*	**341**	466
Depreciation of property, plant and equipment (note 15)	**232**	273
Depreciation of right-of-use assets		
– leasehold land held for own use	**25**	27
– property	**39**	38
Amortisation of		
– intangible assets (note 17)	**53**	47
– initial leasing costs in respect of investment properties	**79**	35
Staff costs	**1,899**	1,965
Other lease expenses**	**32**	32
Auditors' remuneration		
– audit services	**11**	11
– tax services	**3**	5
– other services	**3**	2

* These impairments include ECL on the operating lease receivables in relation to the forgiveness of lease payments, i.e. rent concessions granted to tenants during the year, under HKFRS 9 of HK$319 million (2021 (Restated): HK$432 million).

** These expenses relate to short-term leases and leases of low-value assets, net of rent concessions received (2022: nil; 2021: HK$1 million). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

8. Segment Information

The Group is organised on a divisional basis: Property investment, Property trading and Hotels. The reportable segments within each of the three divisions are classified according to the nature of the business.

Accounting Policy

Segment information is reported in a manner consistent with the Group's internal financial reporting provided to the Executive Directors for making strategic decisions. A reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics or single operating segments which are discloseable separately because they cannot be aggregated or because they exceed certain quantitative thresholds.

(a) Information about reportable segments

Analysis of Consolidated Statement of Profit or Loss

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(losses) after depreciation and amortisation HK\$M	Finance charges HK\$M	Finance income HK\$M	Share of profit less losses of joint venture companies HK\$M	Share of profit less losses of associated companies HK\$M	Profit/(Losses) before taxation HK\$M	Taxation HK\$M	Profit/(Losses) for the year HK\$M	Profit/(Losses) attributable to the Company's shareholders HK\$M	Depreciation and amortisation charged to operating profit HK\$M
Year ended 31st December 2022												
Property investment	**12,340**	**3**	**8,273**	**(359)**	**171**	**1,018**	**–**	**9,103**	**(974)**	**8,129**	**8,025**	**(247)**
Property trading	**921**	**–**	**209**	**–**	**1**	**(18)**	**66**	**258**	**(87)**	**171**	**171**	**–**
Hotels	**565**	**4**	**(259)**	**–**	**–**	**(67)**	**(54)**	**(380)**	**38**	**(342)**	**(341)**	**(181)**
Change in fair value of investment properties	**–**	**–**	**801**	**–**	**–**	**510**	**–**	**1,311**	**(1,042)**	**269**	**125**	**–**
Inter-segment elimination	**–**	**(7)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	13,826	**–**	**9,024**	**(359)**	**172**	**1,443**	**12**	**10,292**	**(2,065)**	**8,227**	**7,980**	**(428)**
Year ended 31st December 2021 (Restated)												
Property investment	12,981	3	9,463	(582)	229	1,004	–	10,114	(1,353)	8,761	8,654	(208)
Property trading	2,443	–	492	(11)	1	120	–	602	2	604	601	–
Hotels	894	4	(174)	(14)	–	(70)	(82)	(340)	31	(309)	(307)	(212)
Change in fair value of investment properties	–	–	(1,947)	–	–	814	–	(1,133)	(644)	(1,777)	(1,836)	–
Inter-segment elimination	–	(7)	–	–	–	–	–	–	–	–	–	–
	16,318	–	7,834	(607)	230	1,868	(82)	9,243	(1,964)	7,279	7,112	(420)

Note:
Sales between business segments are accounted for at competitive prices charged to unaffiliated customers for similar goods and services.

8. Segment Information *(continued)*

(a) Information about reportable segments *(continued)*

Analysis of total assets of the Group

	Segment assets HK$M	Joint venture companies* HK$M	Associated companies* HK$M	Bank deposits and cash HK$M	Total assets HK$M	Additions to non-current assets (Note) HK$M
At 31st December 2022						
Property investment	**278,255**	**35,439**	**–**	**4,252**	**317,946**	**7,689**
Property trading	**9,911**	**2,762**	**285**	**164**	**13,122**	**–**
Hotels	**4,107**	**1,661**	**240**	**86**	**6,094**	**34**
	292,273	**39,862**	**525**	**4,502**	**337,162**	**7,723**
At 31st December 2021 (Restated)						
Property investment	274,194	33,428	–	14,161	321,783	4,374
Property trading	8,058	2,717	219	548	11,542	–
Hotels	4,574	1,409	242	124	6,349	122
	286,826	37,554	461	14,833	339,674	4,496

* The assets relating to joint venture and associated companies include the loans due from these companies.

Note:
In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, financial assets at fair value through profit or loss and other comprehensive income, financial instruments, deferred tax assets, retirement benefit assets and other financial assets at amortised cost.

Analysis of total liabilities and non-controlling interests of the Group

	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	External borrowings HK$M	Lease liabilities HK$M	Total liabilities HK$M	Non-controlling interests HK$M
At 31st December 2022						
Property investment	**8,529**	**11,413**	**14,685**	**614**	**35,241**	**3,017**
Property trading	**1,326**	**20**	**7,782**	**–**	**9,128**	**2**
Hotels	**167**	**–**	**368**	**–**	**535**	**28**
	10,022	**11,433**	**22,835**	**614**	**44,904**	**3,047**
At 31st December 2021 (Restated)						
Property investment	8,303	11,073	18,839	566	38,781	1,952
Property trading	1,336	21	5,412	–	6,769	2
Hotels	164	–	350	–	514	32
	9,803	11,094	24,601	566	46,064	1,986

8. Segment Information *(continued)*

(a) Information about reportable segments *(continued)*

Analysis of external revenue of the Group – Timing of revenue recognition

	At a point in time HK$M	Over time HK$M	Rental income on leases HK$M	Total HK$M
Year ended 31st December 2022				
Property investment	**–**	**114**	**12,226**	**12,340**
Property trading	**921**	**–**	**–**	**921**
Hotels	**331**	**234**	**–**	**565**
	1,252	**348**	**12,226**	**13,826**
Year ended 31st December 2021 (Restated)				
Property investment	–	102	12,879	12,981
Property trading	2,443	–	–	2,443
Hotels	478	416	–	894
	2,921	518	12,879	16,318

(b) Information about geographical areas

The activities of the Group are principally based in Hong Kong, the Chinese Mainland and the U.S.A.

An analysis of revenue and non-current assets of the Group by principal markets is outlined below:

	Revenue		Non-current assets (Note)	
	2022 HK$M	2021 HK$M Restated	**2022 HK$M**	2021 HK$M
Hong Kong	**9,319**	9,108	**229,330**	228,318
Chinese Mainland	**3,648**	3,913	**42,612**	40,766
U.S.A. and elsewhere	**859**	3,297	**6,489**	6,108
	13,826	16,318	**278,431**	275,192

Note:

In this analysis, the total of non-current assets exclude joint venture and associated companies, financial assets at fair value through profit or loss and other comprehensive income, financial instruments, deferred tax assets, retirement benefit assets and other financial assets at amortised cost.

Of the joint venture and associated companies balances, HK$7,668 million (2021 (Restated): HK$7,100 million) is based in Hong Kong, HK$16,797 million (2021 (Restated): HK$14,933 million) is based in the Chinese Mainland and HK$597 million (2021: HK$363 million) is based in U.S.A. and elsewhere.

9. Directors' and Executive Officers' Emoluments

(a) The total emoluments of Directors of the Company disclosed pursuant to section 383 (1) of the Hong Kong Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Cash				Non-cash				
	Salary HK$'000	Fees HK$'000	Discretionary bonus (note (i)) HK$'000	Allowance and benefits HK$'000	Retirement scheme contributions HK$'000	Discretionary bonus paid into retirement scheme HK$'000	Housing and other benefits (note (ii)) HK$'000	Total 2022 HK$'000	Total 2021 HK$'000
For the year ended 31st December 2022									
Executive Directors									
G.M.C. Bradley (Chairman) (note (iii))	578	–	202	10	127	202	800	1,919	11,334
M.B. Swire (note (iv))	–	–	–	–	–	–	–	–	–
T.J. Blackburn (note (v))	3,267	–	1,069	3,241	719	1,069	358	9,723	2,770
F.N.Y. Lung	3,740	–	1,521	1,179	976	–	–	7,416	7,006
M.S.C. Ma (note (vi))	3,298	–	2,347	798	448	–	99	6,990	1,478
Non-Executive Directors									
N.A.H. Fenwick	–	–	–	–	–	–	–	–	–
R.S.K. Lim	–	575	–	–	–	–	–	575	575
M.J. Murray (note (vii))	–	–	–	–	–	–	–	–	–
M.B. Swire (note (iv))	–	–	–	–	–	–	–	–	–
P. Healy (note (viii))	–	–	–	–	–	–	–	–	–
M.M.S. Low (note (ix))	–	–	–	–	–	–	–	–	–
Independent Non-Executive Directors									
L.K.L. Cheng	–	761	–	–	–	–	–	761	761
T.T.K. Choi	–	684	–	–	–	–	–	684	635
S.T. Fung	–	726	–	–	–	–	–	726	658
J.L. Wang	–	575	–	–	–	–	–	575	575
M.Y. Wu	–	843	–	–	–	–	–	843	843
Total 2022	10,883	4,164	5,139	5,228	2,270	1,271	1,257	30,212	N/A
Total 2021	9,294	4,047	3,351	3,252	1,996	1,914	2,781	N/A	26,635

Notes:
(i) The bonuses disclosed above are related to services as Executive Directors for the previous year.
(ii) Other benefits include medical and insurance benefits and overseas tax subsidies.
(iii) G.M.C. Bradley was Chief Executive until 24th August 2021 and was elected as Chairman with effect from 25th August 2021.
(iv) M.B. Swire was Chairman and an Executive Director until 24th August 2021 and was re-designated as a Non-Executive Director with effect from 25th August 2021.
(v) T.J. Blackburn was appointed as an Executive Director and became Chief Executive with effect from 25th August 2021.
(vi) M.S.C. Ma was appointed as an Executive Director on 25th August 2021.
(vii) M.J. Murray was appointed as a Non-Executive Director on 1st April 2021.
(viii) P. Healy resigned as a Non-Executive Director on 24th August 2021.
(ix) M.M.S. Low resigned as a Non-Executive Director on 31st March 2021.

9. Directors' and Executive Officers' Emoluments *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group are as follows:

	Year ended 31st December	
	2022	2021
Number of individuals:		
Executive Directors (note (i))	**3**	1
Executive Officers (note (ii))	**2**	4
	5	5

Notes:
(i) Details of the emoluments paid to these Executive Directors are included in the disclosure set out in note 9(a) above.
(ii) Details of the emoluments paid to the above executive officers are as follows.

For the year ended 31st December 2021, an Executive Officer was appointed as an Executive Director with effect from 25th August 2021. Details of the aggregate of the emoluments paid to this Executive Director (including the emoluments paid to this Executive Director and disclosed in note 9(a) above) and the other three highest paid Executive Officers are as follows.

	Year ended 31st December	
	2022 HK$'000	2021 HK$'000
Cash:		
Salary	**5,626**	10,194
Discretionary bonus (Note)	**3,340**	5,155
Allowance and benefits	**676**	3,690
Non-cash:		
Retirement scheme contributions	**765**	1,656
Bonus paid into retirement scheme	**–**	659
Housing and other benefits	**4,899**	13,089
	15,306	34,443

Note:
The bonuses disclosed above are related to services for the previous year.

The number of the above Executive Officers whose emoluments fell within the following bands:

	Year ended 31st December	
	2022	2021
HK$10,000,001 – HK$10,500,000	**–**	1
HK$9,500,001 – HK$10,000,000	**–**	1
HK$8,500,001 – HK$9,000,000	**1**	–
HK$7,000,001 – HK$7,500,000	**–**	2
HK$6,500,001 – HK$7,000,000	**1**	–
	2	4

10. Net Finance Charges

Accounting Policy

Interest costs incurred are charged to the consolidated statement of profit or loss except for those interest charges attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) which are recognised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Interest income on financial assets at fair value through profit or loss ("FVPL") is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income ("FVOCI") calculated using the effective interest method is recognised on a time proportion basis in the consolidated statement of profit or loss as part of finance income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other net gains/(losses). Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Refer to the table with heading "Audited Financial Information" on page 86 for details of the Group's net finance charges.

11. Taxation

Accounting Policy

The tax charge comprises current and deferred tax. The tax charge is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in the consolidated statement of other comprehensive income or directly to equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

	2022		2021	
	HK$M	HK$M	HK$M Restated	HK$M Restated
Current taxation				
Hong Kong profits tax	401		780	
Overseas tax	590		627	
(Over)/Under-provisions in prior years	(5)		4	
		986		1,411
Deferred taxation (note 31)				
Change in fair value of investment properties	472		437	
Origination and reversal of temporary differences	598		116	
Effect of change in tax rate in the U.S.A.	9		–	
		1,079		553
		2,065		1,964

Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

11. Taxation *(continued)*

The tax charge on the Group's profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate of the Company as follows:

	2022 HK$M	2021 HK$M Restated
Profit before taxation	**10,292**	9,243
Calculated at a tax rate of 16.5% (2021: 16.5%)	**1,698**	1,525
Share of results of joint venture and associated companies	**(240)**	(295)
Effect of different tax rates in other countries	**350**	377
Effect of change in tax rate in the U.S.A.	**9**	–
Fair value losses on investment properties	**189**	595
Income not subject to tax	**(107)**	(278)
Expenses not deductible for tax purposes	**95**	20
Unused tax losses not recognised	**39**	59
Utilisation of previously unrecognised tax losses	**(3)**	(80)
Recognition of previously unrecognised tax losses	**(6)**	(53)
Withholding tax	**46**	90
(Over)/Under-provisions in prior years	**(5)**	4
Tax charge	**2,065**	1,964

The Group's share of joint venture companies' tax charges of HK$526 million (2021 (Restated): HK$537 million) and share of associated companies' tax charges of HK$40 million (2021: tax credits of HK$14 million) respectively are included in the share of results of joint venture and associated companies shown in the consolidated statement of profit or loss.

12. Profit Attributable to the Company's Shareholders

Of the profit attributable to the Company's shareholders, HK$25,282 million (2021: HK$5,629 million) is dealt with in the financial statements of the Company.

13. Dividends

Accounting Policy

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or declared by the Company's Directors, where appropriate.

	2022 HK$M	2021 HK$M
First interim dividend paid on 6th October 2022 of HK$0.32 per share (2021: HK$0.31)	**1,872**	1,814
Second interim dividend declared on 9th March 2023 of HK$0.68 per share (2021: HK$0.64)	**3,978**	3,744
	5,850	5,558

The second interim dividend is not accounted for in 2022 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2022 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2023 when declared.

14. Earnings Per Share (Basic and Diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$7,980 million (2021 (Restated): HK$7,112 million) by the daily weighted average number of 5,850,000,000 ordinary shares in issue during 2022 (2021: 5,850,000,000 ordinary shares).

15. Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

With the exception of freehold land, all other items of property, plant and equipment are depreciated at rates sufficient to write off their original costs to estimated residual values using the straight-line method over their anticipated useful lives in the following manner:

Buildings	2% to 5% per annum
Plant and equipment	10% to 33⅓% per annum

The assets' expected useful lives and residual values are regularly reviewed and adjusted, if appropriate, at the end of each reporting period to take into account operational experience and changing circumstances.

On the transfer of owner-occupied property to investment property, increases in the carrying amount arising on revaluation of land and buildings are credited to the consolidated statement of other comprehensive income and shown as property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in the consolidated statement of other comprehensive income and debited against property revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within other net gains/(losses) in the consolidated statement of profit or loss. When revalued assets are sold, the amounts included in the property revaluation reserve are transferred to revenue reserve.

Critical Accounting Estimates and Judgements

At each reporting date or whenever a change in circumstances occurs, both internal and external sources of information are considered to assess whether there is an indication that assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated using fair value less costs of disposal and/or value in use calculations as appropriate. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognised to reduce the asset to its recoverable amount. Such impairment charges are recognised in the consolidated statement of profit or loss within other net gains/(losses).

15. Property, Plant and Equipment *(continued)*

	Land and buildings HK$M	Plant and equipment HK$M	Total HK$M
Cost:			
At 1st January 2022	**4,307**	**1,978**	**6,285**
Translation differences	**(152)**	**(69)**	**(221)**
Additions	**10**	**115**	**125**
Disposals	**–**	**(12)**	**(12)**
At 31st December 2022	**4,165**	**2,012**	**6,177**
Accumulated depreciation and impairment:			
At 1st January 2022	**1,353**	**1,551**	**2,904**
Translation differences	**(61)**	**(51)**	**(112)**
Charge for the year (note 7)	**106**	**126**	**232**
Disposals	**–**	**(12)**	**(12)**
At 31st December 2022	**1,398**	**1,614**	**3,012**
Net book value:			
At 31st December 2022	**2,767**	**398**	**3,165**

At 31st December 2022 and 2021, none of the Group's property, plant and equipment was pledged as security for the Group's long-term loans.

Refer to the table with heading "Audited Financial Information" on page 86 for details of the Group's capitalised interest rates and the amount of interest capitalised.

	Land and buildings HK$M	Plant and equipment HK$M	Total HK$M
Cost:			
At 1st January 2021	5,479	1,818	7,297
Translation differences	68	17	85
Additions	9	181	190
Disposals	(1,216)	(38)	(1,254)
Net transfers to investment properties (note 16)	(49)	–	(49)
Revaluation surplus	16	–	16
At 31st December 2021	4,307	1,978	6,285
Accumulated depreciation and impairment:			
At 1st January 2021	1,521	1,454	2,975
Translation differences	25	13	38
Charge for the year (note 7)	152	121	273
Disposals	(337)	(37)	(374)
Transfers to investment properties (note 16)	(8)	–	(8)
At 31st December 2021	1,353	1,551	2,904
Net book value:			
At 31st December 2021	2,954	427	3,381

16. Investment Properties

Accounting Policy

Investment property comprises freehold land, leasehold land and buildings held for long-term rental yields or for capital appreciation or for both, and that are not occupied by the Group. Property held by the lessee as a right-of-use asset is classified and accounted for as an investment property when the rest of the definition of investment property is met.

Investment properties (including those under development) are carried at fair value and are valued twice a year. The majority of investment properties are valued by independent valuers. The valuations are performed in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors and are on the basis of market value related to individual properties, and separate values are not attributed to land and buildings. These values represent their fair values in accordance with HKFRS 13. Land and buildings that are being developed for future use as investment properties and investment properties that are being redeveloped for continuing use as investment properties are measured at fair value and included as investment properties under development. Changes in fair values are recognised in the consolidated statement of profit or loss.

Subsequent expenditure is charged to an investment property's carrying amount only when it is probable that future economic benefits associated with that expenditure will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs in respect of an investment property are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment or leasehold land under right-of-use assets, and its fair value at the date of reclassification becomes its deemed cost for accounting purposes.

Expenditure incurred in leasing out the Group's investment properties during development is deferred and amortised on a straight-line basis in the consolidated statement of profit or loss upon occupation of the property over a period not exceeding the term of the leases.

Critical Accounting Estimates and Judgements

Cushman & Wakefield Limited, an independent property valuer, was engaged to carry out a valuation of the major portion of the Group's investment property portfolio at 31st December 2022. This valuation was carried out in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors, which define market value as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties each acted knowledgeably, prudently and without compulsion". The assumptions are principally in respect of market rents and yields.

Management has reviewed the independent property valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the independent property valuation of the Group's investment property portfolio is reasonable.

16. Investment Properties *(continued)*

	Completed HK$M	Under Development HK$M	Total HK$M
At 1st January 2022	**236,703**	**31,112**	**267,815**
Translation differences	**(3,279)**	**(170)**	**(3,449)**
Additions	**935**	**6,806**	**7,741**
Cost written back	**(367)**	**(53)**	**(420)**
Disposals	**(269)**	**–**	**(269)**
Transfer between categories	**15,629**	**(15,629)**	**–**
Net transfers from right-of-use assets	**–**	**2**	**2**
Transfer to assets classified as held for sale	**(474)**	**–**	**(474)**
Disposal of subsidiary companies	**–**	**(556)**	**(556)**
Net fair value (losses)/gains	**(764)**	**1,565**	**801**
	248,114	**23,077**	**271,191**
Add: Initial leasing costs	**177**	**–**	**177**
At 31st December 2022	**248,291**	**23,077**	**271,368**
At 1st January 2021	239,493	27,338	266,831
Translation differences	1,142	13	1,155
Additions	1,191	3,056	4,247
Cost written back	(6)	–	(6)
Disposals	(1,603)	–	(1,603)
Transfer between categories	1,131	(1,131)	–
Net transfers from property, plant and equipment (note 15)	41	–	41
Net transfers from right-of-use assets	242	633	875
Transfer to assets classified as held for sale	(1,646)	–	(1,646)
Disposal of subsidiary companies	–	(132)	(132)
Net fair value (losses)/gains	(3,282)	1,335	(1,947)
	236,703	31,112	267,815
Add: Initial leasing costs	144	–	144
At 31st December 2021	236,847	31,112	267,959

16. Investment Properties *(continued)*

Geographical Analysis of Investment Properties

	2022 HK$M	2021 HK$M
Held in Hong Kong		
On medium-term leases (10 to 50 years)	**30,688**	31,586
On long-term leases (over 50 years)	**194,283**	192,378
	224,971	223,964
Held in the Chinese Mainland		
On short-term leases (less than 10 years)	**49**	–
On medium-term leases (10 to 50 years)	**41,122**	39,207
	41,171	39,207
Held in the U.S.A.		
Freehold	**5,049**	4,644
	271,191	267,815

Additions include capital expenditure in response to climate change. Such expenditure is intended to reduce carbon emission and energy use, with a view to mitigating climate-related risks and to meet carbon reduction targets. For further details, refer to the Sustainable Development section on pages 121 to 127.

Refer to the table with heading "Audited Financial Information" on page 86 for details of the Group's capitalised interest rates and the amount of interest capitalised.

Valuation processes and techniques underlying management's estimate of fair value

The Group's investment properties were valued at their fair values at 31st December 2022. 95% by value were valued by Cushman & Wakefield Limited and 2% by value were valued by another independent valuer, in each case on the basis of market value. The independent professionally qualified valuers hold recognised relevant professional qualifications in the jurisdictions in which they valued the Group's investment properties and have recent experience in the locations and types of investment properties valued. The remaining properties were valued by management. The current use of the investment properties equates to the highest and best use.

The valuation of the Group's completed investment property portfolio is derived by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and by making reference to recent comparable sales transactions available in the relevant property market.

The valuation of the Group's investment properties under development is derived by making reference to market capitalisation rates and recent comparable sales transactions in the relevant property market (on the assumption that the properties had already been completed at the valuation date). It also takes into account the construction cost already incurred and the estimated cost to be incurred to complete the project plus the developer's estimated profit and a margin for risk.

The fair values of the Group's investment properties are sensitive to changes in both observable and unobservable inputs. If capitalisation rates increase, the fair values decrease. If market rents increase, the fair values increase. If estimated costs to complete or the developer's estimated profit and margin for risk increase, the fair values decrease. The opposite is true for decreases in these inputs.

There are inter-relationships between observable and unobservable inputs. Expected vacancy rates may have an impact on yields, with higher vacancy rates resulting in higher yields. For investment properties under development, increases in construction costs that enhance the properties' features may result in an increase in future rental values. An increase in future rental income may be linked with higher costs.

The Group reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between management and the independent valuers at least once every half year, in line with the Group's half year reporting dates.

16. Investment Properties *(continued)*

Fair value hierarchy

The Group's investment properties are measured at fair value and categorised within the fair value hierarchy as follows:

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2022 Total HK$M
Level 2	**1,141**	**193**	**–**	**1,334**	**5,761**	**–**	**5,761**	**7,095**
Level 3	**204,017**	**37,714**	**5,049**	**246,780**	**14,052**	**3,264**	**17,316**	**264,096**
Total	**205,158**	**37,907**	**5,049**	**248,114**	**19,813**	**3,264**	**23,077**	**271,191**
Add: initial leasing costs								**177**
At 31st December 2022								**271,368**

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2021 Total HK$M
Level 2	1,773	210	–	1,983	13,127	–	13,127	15,110
Level 3	191,079	38,997	4,644	234,720	17,985	–	17,985	252,705
Total	192,852	39,207	4,644	236,703	31,112	–	31,112	267,815
Add: initial leasing costs								144
At 31st December 2021								267,959

Notes:
The levels in the hierarchy represent the following:
Level 2 – Investment properties measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.
Level 3 – Investment properties measured at fair value using inputs not based on observable market data.

The above investment properties principally comprise commercial and residential properties completed and under development in Hong Kong and the Chinese Mainland. The Group has other investment property projects, principally the Brickell City Centre mall, in Miami which was completed in 2016. Because of the unique nature of the Group's investment properties, most of them are valued by reference to a level 3 fair value measurement.

16. Investment Properties *(continued)*

Fair value hierarchy *(continued)*

The change in level 3 fair value of investment properties during the year is as follows:

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2022 Total HK$M
At 1st January 2022	**191,079**	**38,997**	**4,644**	**234,720**	**17,985**	**–**	**17,985**	**252,705**
Translation differences	**–**	**(3,261)**	**(1)**	**(3,262)**	**–**	**(170)**	**(170)**	**(3,432)**
Additions	**525**	**391**	**17**	**933**	**1,865**	**3,482**	**5,347**	**6,280**
Cost written back	**(367)**	**–**	**–**	**(367)**	**(52)**	**–**	**(52)**	**(419)**
Transfer between categories	**15,629**	**–**	**–**	**15,629**	**(6,170)**	**–**	**(6,170)**	**9,459**
Net fair value (losses)/gains	**(2,849)**	**1,587**	**389**	**(873)**	**424**	**(48)**	**376**	**(497)**
At 31st December 2022	**204,017**	**37,714**	**5,049**	**246,780**	**14,052**	**3,264**	**17,316**	**264,096**

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2021 Total HK$M
At 1st January 2021	196,498	34,618	4,799	235,915	14,533	886	15,419	251,334
Translation differences	–	1,109	28	1,137	–	13	13	1,150
Additions	329	818	43	1,190	2,555	92	2,647	3,837
Cost written back	(6)	–	–	(6)	–	–	–	(6)
Disposals	–	(7)	(456)	(463)	–	–	–	(463)
Transfer between categories	445	1,131	–	1,576	–	(1,131)	(1,131)	445
Net transfers from property, plant and equipment	23	–	–	23	–	–	–	23
Net transfers from right-of-use assets	242	–	–	242	–	–	–	242
Net fair value (losses)/gains	(6,452)	1,328	230	(4,894)	897	140	1,037	(3,857)
At 31st December 2021	191,079	38,997	4,644	234,720	17,985	–	17,985	252,705

16. Investment Properties *(continued)*

Information about level 3 fair value measurements using significant unobservable inputs

	Fair value HK$M	Valuation technique	Market rent per month[1] HK$ per sq. ft. (lettable)	Capitalisation rate
At 31st December 2022				
Completed				
Hong Kong	**204,017**	**Income capitalisation**	**Mid 10's – Low 500's**	**2.50% – 4.75%**
Chinese Mainland	**37,714**	**Income capitalisation**	**Less than 10 – Mid 200's**	**5.50% – 6.25%**
U.S.A.	**5,049**	**Income capitalisation**	**Less than 10 – Low 70's**	**5.00% – 5.50%**
Sub-total	**246,780**			
Under development				
Hong Kong	**14,052**	**Residual[2]**	**Low 60's – Low 100's**	**1.20% – 3.75%**
Chinese Mainland	**3,264**	**Sales comparison**	**–**	**–**
Sub-total	**17,316**			
Total (Level 3)	**264,096**			
At 31st December 2021				
Completed				
Hong Kong	191,079	Income capitalisation	Less than 10 – Low 500's	2.50% – 4.88%
Chinese Mainland	38,997	Income capitalisation	Less than 10 – High 200's	6.00% – 6.75%
U.S.A.	4,644	Income capitalisation	Less than 10 – Low 70's	5.00% – 5.50%
Sub-total	234,720			
Under development				
Hong Kong	17,985	Residual[2]	Low 60's – High 70's	3.63% – 3.75%
Total (Level 3)	252,705			

1 Market rent is determined in accordance with the definition of that term in the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors, which is "the estimated amount for which all interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion". It is in effect the rental income (exclusive of usual outgoings) which a property would be expected to earn if it were vacant and available to let. It is not necessarily the same as the rent which a tenant is actually committed to pay.

2 In using the residual method to make fair value measurements of investment properties, two additional unobservable inputs have been used. These are the estimated costs to complete the development and the developer's estimated profit and margin for risk.

17. Intangible Assets

Accounting Policy

Computer software

Computer software licences acquired are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software costs recognised as assets are amortised over their estimated useful lives (three to five years).

	Computer Software HK$M	**Others HK$M**	**Total HK$M**
Cost:			
At 1st January 2022	**263**	**205**	**468**
Additions	**58**	**–**	**58**
At 31st December 2022	**321**	**205**	**526**
Accumulated amortisation:			
At 1st January 2022	**163**	**102**	**265**
Amortisation for the year (note 7)	**32**	**21**	**53**
At 31st December 2022	**195**	**123**	**318**
Net book value:			
At 31st December 2022	**126**	**82**	**208**

	Computer Software HK$M	Others HK$M	Total HK$M
Cost:			
At 1st January 2021	211	205	416
Additions	52	–	52
At 31st December 2021	263	205	468
Accumulated amortisation:			
At 1st January 2021	138	80	218
Amortisation for the year (note 7)	25	22	47
At 31st December 2021	163	102	265
Net book value:			
At 31st December 2021	100	103	203

Amortisation of HK$53 million (2021: HK$47 million) is included in cost of sales and administrative expenses in the consolidated statement of profit or loss.

18. Right-of-use Assets

Accounting Policy

The Group (acting as lessee) leases land, offices, warehouses and equipment. Except for certain long-term leasehold land in Hong Kong, rental contracts are typically made for fixed periods of 1 to 50 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

Leases are recognised by lessees as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;
– variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date;
– amounts expected to be payable by the lessee under residual value guarantees;
– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
– payment of penalties for terminating the lease, if the lease term used in the computation assumes the lessee exercises an option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liability;
– any lease payments made at or before the commencement date less any lease incentives received;
– any initial direct costs; and
– restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. However, if the ownership of the underlying asset is expected to be transferred to the Group by the end of the lease term and if the cost of the right-of-use asset has already included the exercise price of a purchase option, depreciation is calculated on a straight-line basis to write off the cost over the anticipated useful life of the underlying asset to its estimated residual value.

Payments by lessees associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as expenses in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise information technology equipment and small items of office furniture.

18. Right-of-use Assets *(continued)*

The recognised right-of-use assets relate to the following types of assets:

	2022 HK$M	2021 HK$M
Leasehold land held for own use	**2,340**	2,367
Property	**142**	75
	2,482	2,442

The Group is the registered owner or occupant of its leasehold land. Upfront payments were made to acquire these interests in land and there are no ongoing payments to be made under the terms of the land leases (so that no lease liabilities are recognised) except, government rents and rates and other payments to the relevant government authorities, which may vary from time to time. Details relating to these interests in land are as follows:

	Leasehold land held for own use	
	2022 HK$M	2021 HK$M
Held in Hong Kong		
On medium-term leases (10-50 years)	**345**	360
On long-term leases (over 50 years)	**1,995**	2,007
	2,340	2,367

Lease arrangements for other types of assets are negotiated on an individual asset basis and contain a wide range of different terms and conditions including lease payments and lease terms.

Properties occupied by the Group are transferred to investment properties following the end of occupation by the Group. The valuation increase from carrying amount to fair value in respect of such transfers during the year ended 31st December 2022 was less than HK$1 million (2021: HK$94 million).

Additions to right-of-use assets during the year ended 31st December 2022 were HK$107 million (2021: HK$5 million).

During the year ended 31st December 2022, cash outflows for leases were included in the consolidated statement of cash flows as (a) interest paid of HK$19 million (2021: HK$18 million) under "operating activities", (b) payment for short-term and low-value assets leases of HK$32 million (2021: HK$32 million) under "operating activities" and (c) principal elements of lease payments of HK$66 million (2021: HK$72 million) under "financing activities".

19. Properties Held for Development

Accounting Policy

Properties held for development comprise freehold land at cost and related costs of preliminary works, less provisions for possible losses. Properties held for development are not expected to be sold or developed within the Group's normal operating cycle and are classified as non-current assets.

	2022 HK$M	2021 HK$M
Properties held for development		
Freehold land	**987**	986
Development cost	**221**	221
	1,208	1,207

20. Joint Venture Companies

Accounting Policy

Joint venture companies are those companies interests in which are held for the long term; and over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where the Group has rights to the net assets of those companies. The use of the equity method by the Group to account for the investment in joint venture companies is disclosed in the "Basis of Consolidation" of the Principal Accounting Policies on pages 198 to 200.

	2022 HK$M	2021 HK$M Restated
Share of net assets, unlisted	**24,286**	21,935
Goodwill	**303**	–
Joint venture companies	**24,589**	21,935
Loans due from joint venture companies less provisions		
– Interest-free	**13,360**	13,426
– Interest-bearing at 1.7% to 6.5% (2021: 0.86% to 6.5%)	**1,913**	2,193
	15,273	15,619

The loans due from joint venture companies are unsecured and have no fixed terms of repayment. These loans are considered to have low credit risk. The financial positions and performances of these companies are regularly monitored and reviewed by the management of the Group.

On 15th December 2022, the Group entered into three Master Agreements with Sino-Ocean Group Holding Limited and its subsidiaries ("Sino-Ocean Group") to purchase in aggregate 50% interests in existing joint venture companies in Sino-Ocean Taikoo Li Chengdu for a total cash consideration of RMB5,550 million. In accordance with the Master Agreements and subject to certain conditions being satisfied:

- the Group acquires 15% interests in these joint venture companies under the first Master Agreement; and
- the Group acquires 35% interests in these joint venture companies under the second and third Master Agreements.

The first Master Agreement was completed in December 2022. The second and third Master Agreements were completed in February 2023.

RMB1,000 million of the total cash consideration was settled in 2022. The remaining RMB4,550 million was settled in February 2023. At 31st December 2022, these joint venture companies were still under the joint control of the Group.

20. Joint Venture Companies *(continued)*

The Group's share of assets and liabilities and results of joint venture companies is summarised below:

	2022 HK$M	2021 HK$M Restated
Non-current assets	**51,174**	51,676
Current assets	**7,199**	3,915
Current liabilities	**(5,587)**	(2,649)
Non-current liabilities	**(28,500)**	(31,007)
Net assets	**24,286**	21,935
Revenue	**3,225**	2,974
Change in fair value of investment properties	**877**	1,197
Expenses	**(2,133)**	(1,766)
Profit before taxation	**1,969**	2,405
Taxation	**(526)**	(537)
Profit for the year	**1,443**	1,868
Other comprehensive income	**(1,744)**	561
Total comprehensive income for the year	**(301)**	2,429

Capital commitments and contingencies in respect of joint venture companies are disclosed in notes 39 and 40.

The principal joint venture companies of Swire Properties Limited are shown on pages 201 to 203. There are no joint venture companies that are considered individually material to the Group.

21. Associated Companies

Accounting Policy

Associated companies are those companies over which the Group has significant influence, but not control or joint control, over their management including participation in financial and operating policy decisions, generally accompanying a shareholding representing between 20% and 50% of the voting rights. The use of the equity method by the Group to account for the investment in associated companies is disclosed in the "Basis of Consolidation" of the Principal Accounting Policies on pages 198 to 200.

	2022 HK$M	2021 HK$M
Share of net assets, unlisted	**473**	461
Loans due from associated companies less provisions		
– Interest-free	**12**	–
– Interest-bearing at 6.41% (2021: nil)	**40**	–
	52	–

The loans due from associated companies are unsecured and no fixed term of repayment, except for an interest-bearing loan due from an associated company of HK$40 million which is repayable in 2027. These loans are considered to have low credit risk. The financial positions and performances of these companies are regularly monitored and reviewed by the management of the Group.

21. Associated Companies *(continued)*

The Group's share of assets and liabilities and results of associated companies is summarised below:

	2022 HK$M	2021 HK$M
Non-current assets	**651**	612
Current assets	**383**	339
Current liabilities	**(145)**	(158)
Non-current liabilities	**(416)**	(332)
Net assets	**473**	461
Revenue	**276**	188
Profit and total comprehensive income for the year	**12**	(82)

The principal associated companies of Swire Properties Limited are shown on pages 201 to 203. There are no associated companies that are considered individually material to the Group.

22. Financial Instruments by Category

Accounting Policy

Financial Assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through the consolidated statement of other comprehensive income ("OCI") or through the consolidated statement of profit or loss), and
– those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in the consolidated statement of profit or loss or the consolidated statement of OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on their trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, except for trade debtors, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs in respect of financial assets at FVPL are expensed in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

– Debt instruments:
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

22. Financial Instruments by Category *(continued)*

Accounting Policy *(continued)*

Financial Assets *(continued)*

(c) Measurement (continued)

(i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in other net gains/(losses) together with foreign exchange gains and losses.

(ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in other net gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other net gains/(losses).

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated statement of profit or loss and presented net within other net gains/(losses) in the period in which it arises.

– Equity instruments:

The Group subsequently measures all equity investments at fair value. Dividends from such investments are recognised in the consolidated statement of profit or loss as other net gains/(losses) when the Group's right to receive payments is established. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investment.

Changes in the fair value of equity investments at FVPL are recognised in other net gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by HKFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The measurement of expected credit losses of operating lease receivable includes consideration of expectations of forgiveness of lease income recognised as part of that receivable.

(e) Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse to actions such as realising security. The Group considers information that is reasonable and supportable, including historical experience and forward-looking information that is available.

(f) Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

Financial liabilities

Non-derivative financial liabilities with fixed or determinable payments and fixed maturities are measured at amortised cost. They are included in non-current liabilities, except for maturities less than twelve months after the period-end date where these are classified as current liabilities.

Put options in respect of non-controlling interests in subsidiary companies included in trade and other payables are measured at fair value through the consolidated statement of profit or loss.

22. Financial Instruments by Category *(continued)*

The accounting policies applied to financial instruments are shown below by line item:

	Note	At fair value through profit or loss HK$M	Derivatives used for hedging HK$M	Amortised cost HK$M	Total carrying amount HK$M	Fair value HK$M
Assets as per consolidated statement of financial position						
At 31st December 2022						
Loans due from joint venture companies	*20*	**–**	**–**	**15,273**	**15,273**	**15,273**
Loans due from associated companies	*21*	**–**	**–**	**52**	**52**	**52**
Trade and other receivables excluding prepayments	*24*	**–**	**–**	**2,238**	**2,238**	**2,238**
Cash and cash equivalents	*26*	**–**	**–**	**4,502**	**4,502**	**4,502**
Derivative financial assets	*30*	**–**	**96**	**–**	**96**	**96**
Financial assets at fair value through profit or loss						
– Unlisted equity investments		**460**	**–**	**–**	**460**	**460**
Other financial assets at amortised cost	*32*	**–**	**–**	**520**	**520**	**520**
Total		**460**	**96**	**22,585**	**23,141**	**23,141**
At 31st December 2021 (Restated)						
Loans due from joint venture companies	*20*	–	–	15,619	15,619	15,619
Amounts due from immediate holding company	*25*	–	–	1	1	1
Trade and other receivables excluding prepayments	*24*	–	–	2,149	2,149	2,149
Cash and cash equivalents	*26*	–	–	14,833	14,833	14,833
Derivative financial assets	*30*	–	152	–	152	152
Financial assets at fair value through profit or loss						
– Unlisted equity investments		439	–	–	439	439
Other financial assets at amortised cost	*32*	–	–	522	522	522
Total		439	152	33,124	33,715	33,715
Liabilities as per consolidated statement of financial position						
At 31st December 2022						
Trade and other payables excluding non-financial liabilities	*27*	**590**	**–**	**9,414**	**10,004**	**10,004**
Long-term loans and bonds	*29*	**–**	**–**	**22,835**	**22,835**	**21,910**
Lease liabilities	*28*	**–**	**–**	**614**	**614**	**614**
Total		**590**	**–**	**32,863**	**33,453**	**32,528**
At 31st December 2021						
Trade and other payables excluding non-financial liabilities	*27*	551	–	8,925	9,476	9,476
Long-term loans and bonds	*29*	–	–	24,601	24,601	25,461
Lease liabilities	*28*	–	–	566	566	566
Derivative financial liabilities	*30*	–	7	–	7	7
Total		551	7	34,092	34,650	35,510

22. Financial Instruments by Category *(continued)*

The fair values of financial instruments traded in active markets are based on quoted market prices at the year-end date. The quoted market prices used for financial assets held by the Group are the current bid prices.

The fair values of financial instruments that are not traded in active markets are determined by using valuation techniques such as estimated discounted cash flows, which use assumptions that are based on market conditions existing at each year-end date.

The book values of trade and other receivables and trade and other payables approximate their fair values.

The fair value of current borrowings equals their carrying value, as the impact of discounting is not significant. The fair value of non-current borrowings is not equal to their carrying value but is based on cash flows discounted using assumptions sourced from the relevant financial institutions or quotes from market makers or alternative market participants supported by observable inputs, such as interest rates. Non-current borrowings would be categorised within level 2 of the fair value hierarchy if they were accounted for at fair value.

Financial instruments that are measured at fair value are included in the following fair value hierarchy:

	Level 2 HK$M	Level 3 HK$M	Total carrying amount HK$M
Assets as per consolidated statement of financial position			
At 31st December 2022			
Derivatives used for hedging (note 30)	**96**	**–**	**96**
Financial assets at fair value through profit or loss			
– Unlisted equity investments	**–**	**460**	**460**
	96	**460**	**556**
At 31st December 2021			
Derivatives used for hedging (note 30)	152	–	152
Financial assets at fair value through profit or loss			
– Unlisted equity investments	–	439	439
	152	439	591
Liabilities as per consolidated statement of financial position			
At 31st December 2022			
Put option in respect of a non-controlling interest (note 27)	**–**	**590**	**590**
At 31st December 2021			
Derivatives used for hedging (note 30)	7	–	7
Put option in respect of a non-controlling interest (note 27)	–	551	551
	7	551	558

Notes:
The levels in the hierarchy represent the following:
Level 2 – Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.
Level 3 – Financial instruments measured at fair value using inputs not based on observable market data.

22. Financial Instruments by Category *(continued)*

The fair value of derivatives used for hedging in level 2 has been based on quotes from market makers or alternative market participants supported by observable inputs. The most significant observable inputs are market interest rates, exchange rates and yields.

There were no transfers of financial instruments between level 2 and level 3 fair value hierarchy classifications and there were no transfers into or out of level 3 fair value hierarchy classifications. The Group's policy is to recognise any transfer into and out of fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

There has been no change in the valuation techniques for level 2 and level 3 fair value hierarchy classifications.

The Group's finance department performs the valuations of financial instruments required for reporting purposes, including level 3 fair values. The valuations are reviewed and approved by the Finance Director.

The following table presents the changes in level 3 financial instruments for the year ended 31st December 2022:

	Financial assets at fair value through profit or loss HK$M	Put option in respect of a non-controlling interest HK$M
At 1st January 2022	**439**	**551**
Additions	**21**	**–**
Distribution during the year	**–**	**(27)**
Change in fair value recognised as net finance charges*	**–**	**66**
At 31st December 2022	**460**	**590**
*** Included unrealised losses recognised on balances held at 31st December 2022**	**–**	**66**
At 1st January 2021	985	513
Translation differences	–	3
Additions	436	–
Disposals	(970)	–
Distribution during the year	–	(29)
Change in fair value recognised as net finance charges*	–	64
Change in fair value recognised as other net gains*	(12)	–
At 31st December 2021	439	551
* Included unrealised losses recognised on balances held at 31st December 2021	12	64

The fair value of unlisted investments classified within level 3 is determined using discounted cash flow valuation techniques. The significant unobservable inputs used are expected future growth rates and discount rates. Changing these unobservable inputs based on reasonable alternative assumptions would not significantly change the valuation of the investments.

The fair value estimate of the put option over a non-controlling interest in the U.S.A. classified within level 3 is determined using a discounted cash flow valuation technique and contains a number of unobservable inputs, including the expected fair value of the associated investment property at the expected time of exercise, the expected time of exercise itself and the discount rate used. The expected time of exercise is in 2023 and the discount rate used is 6.3% (2021: 6.3%).

The investment property's fair value at the expected time of exercise is itself subject to a number of unobservable inputs which are similar to the inputs for the Group's other completed investment properties, including the expected fair market rent and the expected capitalisation rate. If the investment property's expected fair value at the time of exercise is higher, the fair value of the put option would also be higher at 31st December 2022. If the expected time of exercise is later or if the discount rate is higher, the fair value of the put option would be lower. The opposite is true for an earlier time of exercise or a lower discount rate.

23. Properties for Sale

Accounting Policy

Properties for sale comprise freehold and leasehold land at cost, construction costs and interest costs capitalised, less provisions for possible losses. Properties under development are active construction projects which are expected to be sold within the Group's normal operating cycle and are classified as current assets. Properties for sale are available for immediate sale and are classified as current assets.

	2022 HK$M	2021 HK$M
Properties for sale		
Properties under development		
– development costs	619	494
– leasehold land	7,389	5,759
Completed properties		
– development costs	138	8
– freehold land	–	149
– leasehold land	118	1
	8,264	6,411

Refer to the table with heading "Audited Financial Information" on page 86 for details of the Group's capitalised interest rates and the amount of interest capitalised.

24. Trade and Other Receivables

Accounting Policy

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components. Other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for loss allowance. Trade and other receivables in the consolidated statement of financial position are stated net of such provisions.

	2022 HK$M	2021 HK$M Restated
Trade debtors	385	396
Prepayments and accrued income	85	81
Amounts due from intermediate holding company	5	–
Other financial assets at amortised cost (note 32)	520	–
Other receivables	1,839	1,743
	2,834	2,220

The analysis of the age of trade debtors at the year end (based on their invoice dates) is as follows:

	2022 HK$M	2021 HK$M
Up to 3 months	354	338
Between 3 and 6 months	15	24
Over 6 months	16	34
	385	396

Other receivables include rent free and other lease incentives to tenants of HK$1,198 million (2021 (Restated): HK$1,275 million), which are amortised over the relevant lease terms.

There is no concentration of credit risk with respect to trade and other receivables, as the Group has a large number of customers.

The Group does not grant any credit terms to its customers, except to corporate customers in the hotel division where commercial trade credit terms are given. The Group also holds non-interest-bearing rental deposits as security against trade debtors. At 31st December 2022, trade debtors of HK$145 million (2021: HK$124 million) were past due. The majority of the amount past due is under three months. These relate to a number of independent customers for whom there is no recent history of default. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31st December 2022 and 31st December 2021 is the carrying value of trade debtors and other receivables disclosed above. The carrying value of rental deposits from tenants held as security against trade debtors at 31st December 2022 was HK$2,715 million (2021: HK$2,782 million).

25. Amounts Due from Immediate Holding Company – Swire Pacific Limited

The amounts due from immediate holding company is unsecured, interest-free and repayable within one year.

26. Cash and Cash Equivalents

Accounting Policy

In the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions and short-term highly liquid investments which were within three months of maturity when acquired, less bank overdrafts. In the consolidated statement of financial position, cash and cash equivalents exclude bank overdrafts which are shown within borrowings in current liabilities.

	2022 HK$M	2021 HK$M
Short-term deposits maturing within three months	**307**	8,060
Bank balances	**4,195**	6,773
	4,502	14,833

The effective interest rates on short-term deposits of the Group ranged from 3.5% to 5.2% (2021: 0.1% to 2.6%) per annum; these deposits have maturities from 33 to 94 days (2021: 22 to 94 days).

The maximum exposure to credit risk in respect of bank balances and short-term deposits at 31st December 2022 and 31st December 2021 is the carrying value of the bank balances and short-term deposits disclosed above.

27. Trade and Other Payables

Accounting Policy

Trade and other payables (except put options over non-controlling interests in subsidiary companies) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Put options in respect of non-controlling interests in subsidiary companies are measured at the fair value of the expected redemption amounts, and are designated at fair value through profit or loss.

27. Trade and Other Payables *(continued)*

	2022 HK$M	2021 HK$M
Trade creditors	**812**	721
Rental deposits from tenants	**2,715**	2,782
Deposits received on sale of investment properties	**1**	10
Put option in respect of a non-controlling interest	**590**	551
Other payables		
Accrued capital expenditure	**1,283**	1,363
Amounts due to intermediate holding company	**83**	100
Amounts due to a joint venture company	**113**	–
Amounts due to an associated company	**–**	5
Interest-bearing advances from joint venture companies at 4.65% (2021: 1.42% to 4.65%)	**256**	479
Advances from a non-controlling interest	**1,173**	1,130
Others	**2,982**	2,348
	5,890	5,425
	10,008	9,489
Amounts due after one year included under non-current liabilities	**–**	(150)
	10,008	9,339

Amounts due to intermediate holding company, an associated company, joint venture companies and a non-controlling interest are unsecured and have no fixed term of repayment, except for interest-bearing advances from a joint venture company of HK$150 million at 31st December 2021 which were repayable after 2023 and were early settled during the year. Apart from the interest-bearing advances from the joint venture companies, the balances are interest-free.

The analysis of the age of trade creditors at the year end is as follows:

	2022 HK$M	2021 HK$M
Up to 3 months	**812**	721

28. Lease Liabilities

	2022 HK$M	2021 HK$M
Maturity profile at the year end is as follows:		
Within 1 year	**79**	49
Between 1 and 2 years	**73**	53
Between 2 and 5 years	**192**	126
Over 5 years	**270**	338
	614	566
Amount due within one year included under current liabilities	**(79)**	(49)
	535	517

At 31st December 2022, the weighted average incremental borrowing rate applied in measuring the lease liabilities was 3.3% (2021: 3.3%).

For the accounting policy in respect of lease liabilities, please refer to right-of-use assets (note 18).

29. Borrowings

Accounting Policy

Borrowings are recognised initially at fair value and subsequently measured at amortised cost. Transaction costs incurred are included in respect of those not held at fair value through profit or loss. Transaction costs are incremental costs that are directly attributable to the initiation of the borrowings, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the period-end date.

For disclosure purposes, the fair value of borrowings stated at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

29. Borrowings *(continued)*

Refer to the tables with the headings "Audited Financial Information" on pages 82 to 85 for details of the Group's borrowings.

	2022 HK$M	2021 HK$M
Long-term bank loans – unsecured		
Repayable within 1 year	**500**	5,102
Repayable between 1 and 2 years	**776**	–
Repayable between 2 and 5 years	**6,535**	588
	7,811	5,690
Other borrowings – unsecured		
Repayable within 1 year	**200**	3,898
Repayable between 1 and 2 years	**1,099**	199
Repayable between 2 and 5 years	**8,660**	7,619
Repayable after 5 years	**5,065**	7,195
	15,024	18,911
Amount due within one year included under current liabilities	**(700)**	(9,000)
	22,135	15,601

(a) The effective interest rates per annum (before interest rate and cross-currency swaps) at 31st December were as follows:

	2022		2021	
	HKD %	USD %	HKD %	USD %
Long-term loans and bonds	**2.3-5.7**	**3.5-5.2**	0.8-3.6	0.8-4.4

There were no uncommitted bank loans at 31st December 2022 and 2021. Bank loans and other borrowings are repayable on various dates up to 2030 (2021: up to 2030).

(b) The carrying amounts of these long-term bank loans and other borrowings (before cross-currency swaps) are denominated in the following currencies:

	2022 HK$M	2021 HK$M
Hong Kong dollars	**11,958**	9,071
United States dollars	**10,877**	15,530
	22,835	24,601

30. Derivative Financial Instruments

Accounting Policy

Derivatives are initially recognised at fair value on the dates derivative contracts are entered into and are subsequently remeasured to their fair value. The method of recognising 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.

The Group documents at the inception of the transactions the economic relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

All of the Group's derivatives relate to cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

When cross-currency swap contracts are used to hedge future cash flows, the Group designates only the change in fair value of the swap contract after exclusion of the foreign currency basis spread component as the hedging instrument. Gains or losses relating to the effective portion of the swap contract after exclusion of the foreign currency basis spread component are recognised in the cash flow hedge reserve within equity. The change in fair value of the foreign currency basis spread of the swap contract, to the extent it relates to the hedged item, is recognised separately as a cost of hedging on a systematic and rational basis over the period of the hedging relationship within OCI in equity. Hedge ineffectiveness is recognised in the consolidated statement of profit or loss within finance costs.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the consolidated statement of profit or loss. The gains or losses relating to the effective portion of (a) the interest rate swaps hedging variable rate borrowings and (b) cross-currency swap contracts hedging borrowings in foreign currency are recognised in the consolidated statement of profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

If the hedge ratio for risk management purpose is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the consolidated statement of profit or loss at the time of the hedge relationship rebalancing.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss.

	2022		2021	
	Assets HK\$M	**Liabilities HK\$M**	Assets HK\$M	Liabilities HK\$M
Interest rate and cross-currency swaps – cash flow hedges				
– due within one year	**–**	**–**	19	7
– due after one year	**96**	**–**	133	–

The interest rate swaps hedge long-term interest rate exposures. The cross-currency swaps hedge the foreign currency risk relating to US dollar note issues. Gains and losses recognised in the consolidated statement of other comprehensive income on interest rate and cross-currency swaps at 31st December 2022 are expected to affect the consolidated statement of profit or loss in the years to redemption of the notes and expiry of loans (up to and including 2028).

30. Derivative Financial Instruments *(continued)*

The notional principal amounts of the outstanding derivative financial instruments are as follows:

	2022 HK$M	2021 HK$M
Cross-currency swaps	**7,797**	11,695
Interest rate swaps	**–**	1,559

In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items.

For the years ended 31st December 2022 and 31st December 2021, all cash flow hedges qualifying for hedge accounting were highly effective.

31. Deferred Taxation

Accounting Policy

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the recognition, has no impact on taxable or accounting profit or loss, it is not recognised. Tax rates enacted or substantively enacted by the period-end date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary, joint venture and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax relating to investment properties in Hong Kong and the U.S.A. is calculated having regard to the presumption that the value of these properties is capable of being recovered entirely through sale. This presumption is rebutted in relation to investment properties in the Chinese Mainland, because the business model applicable to them is to consume substantially all the economic benefits embodied in them over time rather than through sale. Accordingly, deferred tax relating to investment properties in the Chinese Mainland is determined on the basis of recovery through use.

Deferred tax assets and liabilities are netted off when the taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately in the consolidated statement of financial position:

	2022 HK$M	2021 HK$M Restated
Deferred tax assets	**64**	78
Deferred tax liabilities	**(11,248)**	(10,746)
At 31st December	**(11,184)**	(10,668)

Substantially all deferred tax balances are to be recovered or settled after more than 12 months.

31. Deferred Taxation *(continued)*

The movement on the net deferred tax liabilities account is as follows:

	2022 HK$M	2021 HK$M Restated
At 1st January		
– as originally stated	**10,769**	10,021
– impact of adjustments in note 1(c)	**(101)**	(103)
– as restated	**10,668**	9,918
Translation differences	**(591)**	201
Charged to profit or loss (note 11)	**1,079**	553
Charged/(Credited) to other comprehensive income	**35**	(4)
Disposal of subsidiary companies	**(7)**	–
At 31st December	**11,184**	10,668

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax liabilities

	Accelerated tax depreciation		Valuation of investment properties		Others		Total	
	2022 HK$M	2021 HK$M	2022 HK$M	2021 HK$M	2022 HK$M	2021 HK$M	2022 HK$M	2021 HK$M
At 1st January	**4,384**	4,228	**6,108**	5,503	**804**	749	**11,296**	10,480
Translation differences	**(85)**	30	**(489)**	168	**2**	4	**(572)**	202
Charged to profit or loss	**589**	126	**472**	437	**10**	51	**1,071**	614
Credited to other comprehensive income	**–**	–	**–**	–	**(5)**	–	**(5)**	–
Disposal of subsidiary companies	**(7)**	–	**–**	–	**–**	–	**(7)**	–
At 31st December	**4,881**	4,384	**6,091**	6,108	**811**	804	**11,783**	11,296

Deferred tax assets

	Tax losses		Others		Total	
	2022 HK$M	2021 HK$M	2022 HK$M	2021 HK$M Restated	2022 HK$M	2021 HK$M Restated
At 1st January						
– as originally stated	**249**	210	**278**	249	**527**	459
– impact of adjustments in note 1(c)	**–**	–	**101**	103	**101**	103
– as restated	**249**	210	**379**	352	**628**	562
Translation differences	**5**	1	**14**	–	**19**	1
Credited/(Charged) to profit or loss	**69**	38	**(77)**	23	**(8)**	61
(Charged)/Credited to other comprehensive income	**–**	–	**(40)**	4	**(40)**	4
At 31st December	**323**	249	**276**	379	**599**	628

31. Deferred Taxation *(continued)*

Deferred tax assets *(continued)*

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of HK$2,458 million (2021: HK$2,367 million) to carry forward against future taxable income.

These amounts are analysed as follows:

	Unrecognised tax losses	
	2022 HK$M	2021 HK$M
No expiry date	**1,253**	1,161
Expiring within 1 year	**89**	40
Expiring between 1 and 5 years	**395**	424
Expiring between 5 and 10 years	**–**	–
Expiring between 10 and 20 years	**721**	742
	2,458	2,367

32. Other Financial Assets at Amortised Cost

	2022 HK$M	2021 HK$M
Mortgage receivables	**–**	17
Other receivable	**520**	505
	520	522
Amount due within one year included under current assets (note 24)	**(520)**	–
	–	522

Mortgage receivables consist of mortgage financing offered to certain buyers of trading properties in the U.S.A. Mortgages are offered at up to an 80% loan-to-value ratio and at a fixed interest rate of 5.5%. Loan repayments for the first four years are at a rate that would repay the loan over 30 years, but there is a balloon payment in the fifth year upon maturity. The non-current other receivables are due and payable within two to three years from the end of the reporting period.

The other receivable represents a deferred payment for the sale of the Group's interest in the Cityplaza One office tower in Hong Kong in 2020. In accordance with the sale and purchase agreement, the deferred payment is to be received on the third anniversary of the completion of the disposal. The deferred payment is recognised at amortised cost using an effective interest rate of 3% per annum.

The Group holds the mortgage and other receivables to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates which are solely payments of principal and interest on the principal amounts outstanding.

The Group applies the expected credit loss model to measure the impairment of other financial assets at amortised cost.

33. Assets Classified as Held for Sale

Accounting Policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to disposal, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value.

Assets classified as held for sale represent the Group's 100% interest in investment properties comprising 1,078 car parking spaces at stages I to IX of the Taikoo Shing residential development in Hong Kong. The spaces in stage VI were offered to registered owners at Taikoo Shing in the fourth quarter of 2020, and the Group offered further car parking spaces in stages II to IV and VII to IX in batches during 2021. The Group also offered car parking spaces in stages I and V during the year. The car parking spaces were offered to non-registered owners at Taikoo Shing since September 2022.

34. Retirement Benefits

The Group operates a number of defined benefit and defined contribution retirement benefit schemes for its employees, the assets of which are held in separate trustee administered funds.

A defined benefit scheme is a retirement plan that defines the benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group has an obligation to provide participating employees with these benefits.

A defined contribution scheme is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

Accounting Policy

For defined benefit schemes, retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the consolidated statement of profit or loss so as to spread the regular cost over the service lives of employees.

The asset or liability recognised in the consolidated statement of financial position is the present value of the cost of providing these benefits (the defined benefit obligation) less the fair value of the plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries and is determined by discounting the estimated future cash outflows using interest rates payable in respect of high quality corporate bonds. The plan assets are valued on a bid price basis.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the consolidated statement of other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated statement of profit or loss. Any differences between the implicit and actual return on assets are charged as remeasurements to the consolidated statement of other comprehensive income.

For defined contribution schemes, the Group's contributions are charged to the consolidated statement of profit or loss in the periods to which the contributions relate.

Critical Accounting Estimates and Judgements

The Group's obligations and expenses in respect of defined benefit schemes are dependent on a number of factors that are determined using a number of actuarial assumptions. The details of the actuarial assumptions used, including applicable sensitivities are disclosed in note 34(f).

34. Retirement Benefits *(continued)*

For the year ended 31st December 2022, disclosures in respect of defined benefit schemes are based on valuations prepared by Mercer (Hong Kong) Limited at 31st December 2021, which were updated to reflect the position at 31st December 2022 by Cannon Trustees Limited, the main administration manager of the Group's defined benefit schemes. For the year ended 31st December 2021, disclosures are based on valuations prepared by Mercer (Hong Kong) Limited at 31st December 2021.

The majority of the Group's schemes are final salary guaranteed lump sum defined benefit plans.

Contributions to the defined benefit retirement schemes are made in accordance with the funding rates recommended by independent qualified actuaries to ensure that the plans will be able to meet their liabilities as they become due. The funding rates are subject to annual review and are determined by taking into consideration the difference between the market values of the plans' assets and the present value of accrued past service liabilities, on an ongoing basis, as computed by reference to actuarial valuations. The principal schemes in Hong Kong are valued by qualified actuaries for funding purposes under the provisions of Hong Kong's Occupational Retirement Schemes Ordinance. The latest actuarial valuations indicate that the funding level for the year was 117% (2021: 113%) of the accrued liabilities on an ongoing basis. The Group expects to make contributions of HK$79 million to its defined benefit schemes in 2023.

Most new employees in Hong Kong are offered the choice of joining the defined benefit retirement schemes or the mandatory provident fund ("MPF") scheme. Where staff elect to join the MPF scheme, both the Company and the staff are required to contribute 5% of the employees' relevant monthly income (capped at HK$30,000). Staff may elect to contribute more than the minimum as a voluntary contribution. Employees engaged outside Hong Kong are covered by appropriate local arrangements.

(a) The amounts recognised in the consolidated statement of financial position are as follows:

	2022 HK$M	2021 HK$M
Present value of funded obligations	**1,018**	1,442
Fair value of plan assets	**(1,032)**	(1,255)
Net retirement benefit (assets)/liabilities	**(14)**	187
Represented by:		
Retirement benefit assets	**(14)**	–
Retirement benefit liabilities	**–**	187
	(14)	187

34. Retirement Benefits *(continued)*

(b) Changes in the present value of the defined benefit obligations are as follows:

	2022 HK$M	2021 HK$M
At 1st January	**1,442**	1,361
Current service cost	**114**	101
Interest expense	**30**	22
Actuarial (gains)/losses from changes in:		
– financial assumptions	**(436)**	147
Experience losses/(gains)	**18**	(40)
Transfer	**5**	(25)
Benefits paid	**(155)**	(124)
At 31st December	**1,018**	1,442

The weighted average duration of the defined benefit obligations is 10.92 years (2021: 10.90 years).

(c) Changes in the fair value of plan assets are as follows:

	2022 HK$M	2021 HK$M
At 1st January	**1,255**	1,226
Interest income	**27**	20
Return on plan assets, excluding interest income	**(173)**	82
Contributions by employers	**73**	76
Transfer	**5**	(25)
Benefits paid	**(155)**	(124)
At 31st December	**1,032**	1,255

There were no plan amendments, curtailments or settlements during the year.

(d) Net expenses recognised in the consolidated statement of profit or loss are as follows:

	2022 HK$M	2021 HK$M
Current service cost	**114**	101
Net interest cost	**3**	2
	117	103

The above net expenses were included in cost of sales and administrative expenses in the consolidated statement of profit or loss.

Total retirement benefit costs charged to the consolidated statement of profit or loss for the year ended 31st December 2022 amounted to HK$132 million (2021: HK$124 million), including HK$15 million (2021: HK$21 million) in respect of defined contribution schemes.

The actual return on defined benefit plan assets was a loss of HK$146 million (2021: gain of HK$102 million).

34. Retirement Benefits *(continued)*

(e) The plan assets are invested in the Swire Group Unitised Trust ("the Unitised Trust"). The Unitised Trust has four sub-funds in which the assets may be invested in accordance with separate and distinct investment policies and objectives. The Unitised Trust and sub-funds are overseen by an investment committee, which meets four times a year.

The make-up of the Unitised Trust is the result of the asset allocation of each plan. The asset allocation of each plan targets a mix of equities, fixed income, absolute return funds and short duration bond sub-funds.

The management of the assets within the sub-funds is delegated by the investment committee to a number of reputable investment managers. The plan assets comprise:

	Defined benefit plans	
	2022 HK$M	2021 HK$M
Equities		
Asia Pacific	**76**	88
Europe	**67**	104
North America	**228**	317
Emerging markets	**248**	320
Bonds		
Global	**86**	91
Emerging markets	**11**	13
Absolute return funds	**283**	316
Cash	**33**	6
	1,032	1,255

At 31st December 2022, the prices of 96% of equities and 29% of bonds were quoted on active markets (2021: 96% and 21% respectively). The remainder of the prices were not quoted on active markets.

The most significant risk facing the defined benefit schemes of the Group is market risk. This risk embodies the potential for losses and gains and includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment and its issuer and risk specific to a certain market. Market risk is managed principally through diversification of investments by the appointed investment managers. Investment managers enter into agreements that stipulate the performance objective of the investments, which is referenced to a recognised benchmark. The investment committee monitors the overall market risk position on a quarterly basis.

34. Retirement Benefits *(continued)*

(f) The significant actuarial assumptions used are as follows:

	2022	2021
Discount rate	**5.08%**	2.08%
Expected rate of future salary increases	**7.42% to 12.38% p.a. for 2023; 4.00% p.a. thereafter**	5.40% to 6.90% p.a. for 2022; 4.50% p.a. thereafter

The sensitivity of the defined benefit obligations to changes in actuarial assumptions is:

	2022 Increase/(Decrease) in defined benefit obligation			2021 Increase/(Decrease) in defined benefit obligation		
	Change in assumption	**Increase in assumption HK$M**	**Decrease in assumption HK$M**	Change in assumption	Increase in assumption HK$M	Decrease in assumption HK$M
Discount rate	**0.5%**	**(59)**	**46**	0.5%	(74)	80
Expected rate of future salary increases	**0.5%**	**63**	**(60)**	0.5%	78	(73)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method has been applied as when calculating the retirement benefit liability recognised within the consolidated statement of financial position.

35. Share Capital

	Ordinary shares	**HK$M**
Issued and fully paid with no par value:		
At 1st January 2022 and 31st December 2022	**5,850,000,000**	**10,449**
At 1st January 2021 and 31st December 2021	5,850,000,000	10,449

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the years ended 31st December 2022 and 31st December 2021.

36. Reserves

	Revenue reserve HK$M	Merger reserve HK$M	Property revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2022						
– as originally stated	277,961	(1,108)	2,005	28	2,820	281,706
– impact of adjustments in note 1(c)	(522)	–	–	–	(9)	(531)
– as restated	277,439	(1,108)	2,005	28	2,811	281,175
Profit for the year	7,980	–	–	–	–	7,980
Other comprehensive income						
Defined benefit plans						
– remeasurement gains recognised during the year	245	–	–	–	–	245
– deferred tax	(40)	–	–	–	–	(40)
Cash flow hedges						
– losses recognised during the year	–	–	–	(16)	–	(16)
– transferred to net finance charges	–	–	–	(13)	–	(13)
– transferred to operating profit	–	–	–	(1)	–	(1)
– deferred tax	–	–	–	5	–	5
Share of other comprehensive income of joint venture and associated companies	–	–	2	6	(1,752)	(1,744)
Net translation differences on foreign operations recognised during the year	–	–	–	–	(3,213)	(3,213)
Total comprehensive income for the year	8,185	–	2	(19)	(4,965)	3,203
2021 second interim dividend (note 13)	(3,744)	–	–	–	–	(3,744)
2022 first interim dividend (note 13)	(1,872)	–	–	–	–	(1,872)
At 31st December 2022	280,008	(1,108)	2,007	9	(2,154)	278,762

36. Reserves *(continued)*

	Revenue reserve HK$M	Merger reserve HK$M	Property revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2021						
– as originally stated	276,245	(1,108)	1,915	41	1,194	278,287
– impact of adjustments in note 1(c)	(513)	–	–	–	(7)	(520)
– as restated	275,732	(1,108)	1,915	41	1,187	277,767
Profit for the year (restated)	7,112	–	–	–	–	7,112
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
– gains recognised during the year	–	–	94	–	–	94
– deferred tax	–	–	(4)	–	–	(4)
Defined benefit plans						
– remeasurement losses recognised during the year	(26)	–	–	–	–	(26)
– deferred tax	4	–	–	–	–	4
Cash flow hedges						
– losses recognised during the year	–	–	–	(38)	–	(38)
– transferred to net finance charges	–	–	–	14	–	14
– deferred tax	–	–	–	4	–	4
Share of other comprehensive income of joint venture and associated companies	–	–	–	7	554	561
Net translation differences on foreign operations recognised during the year (restated)	–	–	–	–	1,070	1,070
Total comprehensive income for the year (restated)	7,090	–	90	(13)	1,624	8,791
2020 second interim dividend (note 13)	(3,569)	–	–	–	–	(3,569)
2021 first interim dividend (note 13)	(1,814)	–	–	–	–	(1,814)
At 31st December 2021 (restated)	277,439	(1,108)	2,005	28	2,811	281,175

(a) The Group's revenue reserve includes retained revenue reserves from joint venture companies amounting to HK$14,219 million (2021 (Restated): HK$13,071 million) and retained revenue reserves from associated companies amounting to HK$160 million (2021: HK$148 million).

(b) The Group's revenue reserve includes HK$3,978 million (2021: HK$3,744 million) representing the declared second interim dividend for the year (note 13).

(c) The Group adopted merger accounting in accordance with Accounting Guideline 5, Merger Accounting for Common Control Combinations (issued by the HKICPA) to account for the acquisition of all the shares of Swire Properties US Inc and Swire Properties One LLC in January 2010. These companies were wholly-owned subsidiaries of the immediate holding company of Swire Properties Limited.

(d) At 31st December 2022, the Group's cash flow hedge reserve includes HK$5 million (net of tax) (2021: a credit of HK$25 million) relating to the currency basis element of the Group's derivatives which is recognised separately as a cost of hedging.

37. Company Statement of Financial Position and Reserves

(a) Company Statement of Financial Position

At 31st December 2022	Note	2022 HK$M	2021 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**33**	29
Intangible assets		**126**	100
Right-of-use assets		**34**	8
Subsidiary companies		**126,204**	118,148
Loans due from joint venture companies		**2,801**	2,673
Associated companies		**3**	3
Deferred tax assets		**–**	10
Other financial assets at amortised cost		**–**	505
Retirement benefit assets		**23**	–
		129,224	121,476
Current assets			
Trade and other receivables		**614**	62
Taxation recoverable		**–**	3
Cash and cash equivalents		**470**	8,319
		1,084	8,384
Current liabilities			
Trade and other payables		**22,791**	42,091
Taxation payable		**8**	–
Lease liabilities due within one year		**12**	8
		22,811	42,099
Net current liabilities		**(21,727)**	(33,715)
Total assets less current liabilities		**107,497**	87,761
Non-current liabilities			
Long-term lease liabilities		**22**	1
Deferred tax liabilities		**25**	–
Retirement benefit liabilities		**–**	160
		47	161
NET ASSETS		**107,450**	87,600
EQUITY			
Equity attributable to the Company's shareholders			
Share capital	*35*	**10,449**	10,449
Reserves	*37(b)*	**97,001**	77,151
TOTAL EQUITY		**107,450**	87,600

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May Y. Wu
Directors

Hong Kong, 9th March 2023

37. Company Statement of Financial Position and Reserves *(continued)*

(b) The movement of the Company reserves during the year are as follows:

	Revenue reserve HK$M
Company	
At 1st January 2022	**77,151**
Profit for the year (note 12)	**25,282**
Other comprehensive income	
Defined benefit plans	
– remeasurement gains recognised during the year	**221**
– deferred tax	**(37)**
Total comprehensive income for the year	**25,466**
2021 second interim dividend (note 13)	**(3,744)**
2022 first interim dividend (note 13)	**(1,872)**
At 31st December 2022	**97,001**
Company	
At 1st January 2021	76,923
Profit for the year (note 12)	5,629
Other comprehensive income	
Defined benefit plans	
– remeasurement losses recognised during the year	(22)
– deferred tax	4
Total comprehensive income for the year	5,611
2020 second interim dividend (note 13)	(3,569)
2021 first interim dividend (note 13)	(1,814)
At 31st December 2021	77,151

(i) Distributable reserves of the Company at 31st December 2022 amounted to HK$97,001 million (2021: HK$77,151 million).

(ii) The Company's revenue reserve includes HK$3,978 million (2021: HK$3,744 million) representing the declared second interim dividend for the year (note 13).

38. Non-controlling Interests

The movement of non-controlling interests during the year is as follows:

	2022 HK$M	2021 HK$M Restated
At 1st January		
– as originally stated	**2,003**	1,944
– impact of adjustments in note 1(c)	**(17)**	(16)
– as restated	**1,986**	1,928
Share of profit less losses for the year	**247**	167
Share of translation differences on foreign operations	**(110)**	23
Share of total comprehensive income	**137**	190
Capital contribution from a non-controlling interest	**1,020**	–
Dividends paid and payable	**(96)**	(132)
At 31st December	**3,047**	1,986

39. Capital Commitments

	2022 HK$M	2021 HK$M
(a) The Group's outstanding capital commitments at the year end in respect of:		
Property, plant and equipment		
Contracted but not provided for	**12**	13
Authorised by Directors but not contracted for	**491**	356
Investment properties		
Contracted but not provided for	**2,986**	4,541
Authorised by Directors but not contracted for	**17,028**	10,924
	20,517	15,834
The Group's share of capital commitments of joint venture companies at the year end*		
Contracted but not provided for	**393**	150
Authorised by Directors but not contracted for	**7,044**	4,700
	7,437	4,850

* of which the Group is committed to funding HK$331 million (2021: HK$1,146 million).

At 31st December 2022, the Group was committed to inject capital of HK$421 million (2021: nil) into joint venture companies.

(b) At 31st December 2022, the Group had unprovided contractual obligations for future repairs and maintenance on investment properties of HK$380 million (2021: HK$213 million).

40. Contingencies

Accounting Policy

Contingent liabilities are possible obligations that arise from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the expected credit loss model under HKFRS 9 "Financial Instruments" and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

	2022 HK$M	2021 HK$M
Guarantees provided in respect of:		
Bank loans and other liabilities of joint venture companies	**4,181**	3,643
Bank guarantees given in lieu of utility deposits and others	**73**	76
	4,254	3,719

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the consolidated statement of financial position.

41. Lease Commitments

Accounting Policy

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts by the Group as a lessor under operating leases (net of any incentives paid to lessees) are recognised as income in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

For commenced leases (which are not identified as low-value or short-term leases) undertaken by the Group as a lessee, right-of-use assets and the corresponding lease liabilities are recognised in the financial statements when the leased assets become available for use. Commitments in respect of leases payable by the Group as a lessee represent the future lease payments for (i) committed leases which have not yet commenced at the year-end date and (ii) short-term leases.

The Group acts as both lessor and lessee under operating leases. Details of the Group's commitments under non-cancellable operating leases are set out as follows:

(a) Lessor – lease receivables

The leases for investment properties typically run for periods of three to six years. The retail turnover-related rental income received from investment properties during the year amounted to HK$837 million (2021: HK$986 million).

The future aggregate minimum lease receipts under non-cancellable operating leases were receivable by the Group at the year end as follows:

	2022 HK$M	2021 HK$M
Investment properties		
Within 1 year	8,100	8,868
Between 1 and 2 years	6,691	7,219
Between 2 and 3 years	4,955	5,512
Between 3 and 4 years	3,561	3,925
Between 4 and 5 years	2,317	2,922
After 5 years	3,006	4,408
	28,630	32,854

Assets held for deployment on operating leases at the year end were as follows:

	2022 HK$M	2021 HK$M
Investment properties at fair value	248,114	236,703

(b) Lessee

At 31st December 2022, there were no future lease payments under leases committed but not yet commenced by the Group and no short-term leases commitments which were significantly dissimilar to those relating to the portfolio of short-term leases for which expenses were recognised for the year ended 31st December 2022 (2021: None).

42. Related Party Transactions

Accounting Policy

Related parties of the Group are individuals and companies, including subsidiary, fellow subsidiary, joint venture and associated companies and key management of the Group or the parent of the Group (including close members of their families), where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

There is an agreement for services ("Services Agreement"), in respect of which John Swire & Sons (H.K.) Limited ("JS&SHK"), an intermediate holding company, provides services to various companies in the Group and under which costs are reimbursed and fees payable. In return for these services, JS&SHK receives annual fees calculated as 2.5% of the Group's relevant consolidated profits before taxation and non-controlling interests after certain adjustments. The Services Agreement were renewed on 1st October 2022 for three years expiring on 31st December 2025. For the year ended 31st December 2022, service fees payable amounted to HK$186 million (2021: HK$200 million). Expenses of HK$92 million (2021: HK$88 million) were reimbursed at cost; in addition, HK$80 million (2021: HK$82 million) in respect of shared administrative services was reimbursed.

Under a tenancy framework agreement (the "Tenancy Framework Agreement") between JS&SHK, Swire Pacific Limited and the Company dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JS&SHK group and members of the Swire Pacific group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was renewed on 1st October 2021 for a further term of three years expiring on 31st December 2024. For the year ended 31st December 2022, the aggregate rentals payable to the Group by members of the JS&SHK group and members of the Swire Pacific group under tenancies to which the Tenancy Framework Agreement applies amounted to HK$109 million (2021: HK$113 million) and HK$38 million (2021: HK$43 million) respectively.

The above transactions under the Services Agreement and the Tenancy Framework Agreement are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

In addition, the following is a summary of significant transactions between the Group and related parties (including transactions under the Tenancy Framework Agreement), which were carried out in the normal course of the Group's business, in addition to those transactions disclosed elsewhere in the financial statements.

		Joint venture companies		Fellow subsidiary companies		Immediate holding company		Intermediate holding company		Other related parties	
	Note	**2022 HK$M**	2021 HK$M	**2022 HK$M**	2021 HK$M	**2022 HK$M**	2021 HK$M	**2022 HK$M**	2021 HK$M	**2022 HK$M**	2021 HK$M
Purchase of goods	*(a)*	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1
Purchase of services	*(a)*	**–**	–	**28**	28	**–**	–	**–**	–	**–**	–
Rendering of services	*(a)*	**67**	57	**–**	–	**–**	–	**8**	1	**–**	1
Rental revenue	*(b)*	**–**	–	**28**	32	**10**	11	**109**	113	**1**	1
Rental expenses	*(b)*	**9**	7	**–**	–	**–**	–	**–**	–	**–**	–
Revenue from hotels		**9**	19	**–**	–	**–**	–	**1**	1	**70**	14
Interest income	*(c)*	**50**	79	**–**	–	**–**	–	**–**	–	**–**	–
Interest charges	*(c)*	**16**	9	**–**	–	**–**	–	**–**	–	**–**	–

Notes:

(a) Purchase of goods and rendering of services from and to related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged by/to and contracted with other suppliers/customers of the Group.

(b) The Group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.

(c) Loans advanced to joint venture and associated companies at 31st December 2022 are disclosed in notes 20 and 21. Advances from joint venture and associated companies are disclosed in note 27.

The amounts due from the immediate holding company at 31st December 2022 is disclosed in note 25. The balance arises in the normal course of business, is non-interest-bearing and repayable within one year.

Remuneration of key management, which includes Executive and Non-Executive Directors and Executive Officers, is disclosed in note 9.

43. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2022 HK$M	2021 HK$M Restated
Operating profit	**9,024**	7,834
Change in fair value of investment properties	**(801)**	1,947
Change in fair value of assets classified as held for sale	**(48)**	(42)
Change in fair value of financial assets at fair value through profit or loss	**–**	12
Depreciation	**296**	338
Amortisation of initial leasing costs on investment properties	**79**	35
Amortisation of intangible assets	**53**	47
Gains on disposal of subsidiary companies	**(520)**	(121)
Gains on disposal of investment properties	**(31)**	(1,028)
Gains on disposal of property, plant and equipment	**–**	(9)
Gains on disposal of assets classified as held for sale	**(20)**	(36)
Other items	**144**	(28)
Operating profit before working capital changes	**8,176**	8,949
Decrease in amounts due from immediate holding company	**1**	15
Increase in properties for sale	**(1,667)**	(2,832)
(Increase)/Decrease in stocks	**(1)**	1
Increase in trade and other receivables	**(89)**	(96)
Increase in trade and other payables	**62**	867
(Decrease)/Increase in contract liabilities	**(106)**	98
(Decrease)/Increase in retirement benefit liabilities	**(44)**	26
Cash generated from operations	**6,332**	7,028

(b) Purchase of property, plant and equipment

	2022 HK$M	2021 HK$M
Land and buildings	**12**	8
Plant and equipment	**121**	172
Total	**133**	180

The above purchase amounts do not include interest capitalised on property, plant and equipment.

43. Notes to the Consolidated Statement of Cash Flows *(continued)*

(c) Disposal of subsidiary companies

	2022 HK$M
Net assets disposed of:	
Investment properties	556
Trade and other receivables	1
Trade and other payables	(8)
Taxation payable	(2)
Deferred tax liabilities	(7)
	540
Gains on disposal	520
	1,060
Satisfied by:	
Cash received (net of transaction costs)	1,060
Analysis of net inflow of cash and cash equivalents from disposal:	
Net cash proceeds	1,060

The disposal of subsidiary companies consists of the sale of the Group's interests in certain properties in Hong Kong.

Refer to the tables with the headings "Audited Financial Information" on page 82 for details of the changes in financing during the year.

44. Immediate and Ultimate Holding Company

The immediate holding company is Swire Pacific Limited, a company incorporated and listed in Hong Kong.

The ultimate holding company is John Swire & Sons Limited, a company incorporated in the United Kingdom.

PRINCIPAL ACCOUNTING POLICIES

Apart from the accounting policies presented within the corresponding notes to the financial statements, the other principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements include "Audited Financial Information" in the Financing section on pages 81 to 89. The consolidated financial statements have been prepared under the historical cost convention as modified in relation to the revaluation of investment properties, put options in respect of non-controlling interests, financial assets at fair value through profit or loss and other comprehensive income, defined benefits assets/liabilities and derivative financial instruments, each of which are carried at fair value.

2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Swire Properties Limited, its subsidiary companies (together referred to as the "Group") and the Group's interests in joint venture and associated companies.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are generally expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquired subsidiary either at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the consolidated statement of profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests where control is not lost are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture company or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss.

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the owner of the non-controlling interest, which is not part of a business combination, the Group records a financial liability in respect of the present value of the redemption amount with a corresponding charge directly to equity. Changes to the value of the financial liability are recognised in the consolidated statement of profit or loss within net finance charges.

2. Basis of Consolidation *(continued)*

In the Group's consolidated statement of financial position, its interests in joint venture and associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The excess of the cost of investment in joint venture and associated companies over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition represents goodwill. The Group's interests in joint venture and associated companies include goodwill identified on acquisitions, net of any accumulated impairment loss.

The Group's share of its joint venture and associated companies' post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in the consolidated statement of other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses equals or exceeds its interest in the joint venture or associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associated company.

The Group assesses at the end of each reporting period whether there is any objective evidence that its interests in joint venture and associated companies are impaired. Such objective evidence includes whether there has been any significant adverse changes in the technological, market, economic or legal environment in which the joint venture and associated companies operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in a joint venture or associated company is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in the consolidated statement of profit or loss for the amount by which the carrying amount is higher than the higher of the investment's fair value less costs of disposal or value-in-use. Any reversal of such impairment loss in subsequent periods is credited to the consolidated statement of profit or loss.

The Group recognises the disposal of an interest in a joint venture company when it ceases to have joint control and the risks and rewards of ownership have passed to the acquirer.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss where appropriate.

Unrealised gains on transactions between the Group and its joint venture and associated companies are eliminated to the extent of the Group's interest in these companies. Unrealised losses on assets transferred between the Group and its joint venture and associated companies are also eliminated unless the transactions provide evidence of impairment of the assets transferred. Accounting policies of joint venture and associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in respect of investments in associated companies are recognised in the consolidated statement of profit or loss.

3. Subsidiary Companies

Subsidiary companies are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiary companies in the Company's standalone financial statements are stated at cost less provision for any impairment losses. Income from subsidiary companies is accounted for on the basis of dividends received and receivable. Long-term loans to subsidiary companies are considered to be quasi-equity in nature where there is no defined repayment terms and no expectation of repayment.

4. Joint Venture and Associated Companies

In the Company's statement of financial position, its investments in joint venture and associated companies are stated at cost less provision for any impairment losses. Income from joint venture and associated companies is recognised by the Company on the basis of dividends received and receivable. Long-term loans to joint venture and associated companies are subject to expected credit losses assessment. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

5. Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except when deferred in the consolidated statement of other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

When a gain or loss on a non-monetary item is recognised directly in the consolidated statement of other comprehensive income, any associated translation difference is also recognised directly in the consolidated statement of other comprehensive income. When a gain or loss on a non-monetary item is recognised in the consolidated statement of profit or loss, any associated translation difference is also recognised in the consolidated statement of profit or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the statement of other comprehensive income and accumulated in a separate component in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the consolidated statement of other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified in the consolidated statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

6. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

7. Government Grants

The Group recognises government grants when there is reasonable assurance that the Group will comply with the conditions attached to the grants and the grants will be received. Government grants, that are intended to compensate the Group for expenses incurred, are recognised in the consolidated statement of profit or loss on a systematic basis in the years in which the related expenses are recognised.

PRINCIPAL SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

Showing proportion of capital owned at 31st December 2022

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up shares/Registered capital	Principal activities
Subsidiary companies:					
Incorporated in Hong Kong with limited liability and operating in Hong Kong:					
Achieve Bright Limited	100	100	–	100 shares (HK$100)	Property trading
Citiluck Development Limited	100	–	100	1,000 shares (HK$1,000)	Property investment
Cityplaza Holdings Limited	100	100	–	100 shares (HK$1,000)	Property investment
Coventry Estates Limited	100	–	100	4 shares (HK$40)	Property investment
Joyful Sincere Limited (d)	80	–	100	1 share (HK$1)	Property trading
One Queen's Road East Limited	100	–	100	200 shares (HK$200)	Property investment
Pacific Place Holdings Limited	100	100	–	2 shares (HK$2)	Property investment
Redhill Properties Limited	100	100	–	250,000 shares (HK$7,300,000)	Property investment
Super Gear Investment Limited	100	100	–	2 shares (HK$2)	Property investment
Swire Properties (Finance) Limited	100	100	–	1,000,000 shares (HK$1,000,000)	Financial services
Swire Properties Management Limited	100	100	–	2 shares (HK$20)	Property management
Swire Properties MTN Financing Limited	100	100	–	1 share (HK$1)	Financial services
Swire Properties Real Estate Agency Limited	100	100	–	2 shares (HK$20)	Real estate agency
Taikoo Place Holdings Limited	100	100	–	2 shares (HK$2)	Property investment
Incorporated in the Chinese Mainland with limited liability and operating in the Chinese Mainland:					
(Sino-foreign joint venture)					
Taikoo Hui (Guangzhou) Development Company Limited (b)	97	–	97	Registered capital of RMB3,050,000,000	Property investment
(Wholly foreign owned enterprises)					
Beijing Anye Property Management Company Limited (b)	100	–	100	Registered capital of RMB209,500,000	Property Investment
Beijing Sanlitun Hotel Management Company Limited (b)	100	–	100	Registered capital of RMB800,000,000	Hotel investment
Beijing Sanlitun North Property Management Company Limited (b)	100	–	100	Registered capital of RMB2,784,000,000	Property investment
Beijing Sanlitun South Property Management Company Limited (b)	100	–	100	Registered capital of RMB1,598,000,000	Property investment
Sunshine Melody (Guangzhou) Properties Management Limited	100	–	100	Registered capital of RMB295,000,000	Property investment
Swire Properties (China) Investment Company Limited (b)	100	–	100	Registered capital of US$30,000,000	Holding company
(Domestic company)					
Beijing Tianlian Real Estate Company Limited (b)(d)	100	–	100	Registered capital of RMB865,000,000	Holding company
(Sino-foreign owned enterprises)					
Xi'an Tengyun Real Estate Company Limited (b)	70	–	70	Registered capital of RMB3,653,743,600	Property trading and investment

Notes:

(a) This table lists the principal subsidiary, joint venture and associated companies of the Group including those which, in the opinion of the Directors, materially contribute to the net income of the Group or hold a material portion of the assets or liabilities of the Group. To give full details of these companies would, in the opinion of the Directors, result in particulars of excessive length.

(b) Translated name.

(c) Group interest held through joint venture and associated companies.

(d) Companies the accounts of which are not audited by PricewaterhouseCoopers. These companies accounted for approximately 2.0% of attributable net assets at 31st December 2022.

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up shares/Registered capital	Principal activities
Subsidiary companies (continued):					
Incorporated in the United States with limited liability and operating in the United States:					
700 Brickell City Centre LLC	100	–	100	Limited Liability Company	Property investment
Brickell City Centre Plaza LLC	100	–	100	Limited Liability Company	Property investment
Brickell City Centre Project LLC	100	–	100	Limited Liability Company	Property trading and investment
Brickell City Centre Retail LLC	62.93	–	87.93	Limited Liability Company	Property investment
Swire Jadeco LLC	100	–	100	Limited Liability Company	Property trading
Swire Properties Inc	100	–	100	1,000 shares of US$0.01 each	Holding company
Swire Properties One LLC	100	–	100	Limited Liability Company	Holding company
Swire Properties US Inc	100	–	100	1,000 shares of US$0.01 each	Holding company
Swire Realty LLC	100	–	100	Limited Liability Company	Real estate agency
Incorporated in the British Virgin Islands with limited liability and operating in Hong Kong:					
Boom View Holdings Limited	100	100	–	2 shares of US$1 each	Property investment
Cherish Shine Limited	100	100	–	1 share of US$1	Property investment
High Grade Ventures Limited	100	100	–	1 share of US$1	Property trading and investment
Novel Ray Limited	100	100	–	1 share of US$1	Property investment
One Pacific Place Limited	100	–	100	1 share of US$1	Property investment
Sino Flagship Investments Limited	100	100	–	1 share of US$1	Property investment
Swire and Island Communication Developments Limited (d)	60	60	–	100 shares of HK$10 each and 1 non-voting dividend share of HK$10	Property investment
Swire Properties China Holdings Limited	100	100	–	1 share of US$1	Holding company
Joint venture companies:					
Incorporated in Hong Kong with limited liability and operating in Hong Kong:					
Hareton Limited (d)	50	–	50	100 shares (HK$1,000)	Property investment
Pacific Grace Limited	50	–	(c)	2 shares (HK$2)	Property investment
Richly Leader Limited	50	–	50	1,000,000,000 shares (HK$700,000,000)	Property investment
Incorporated in the United States with limited liability and operating in the United States:					
Swire Brickell Key Hotel, Ltd.	75	–	75	Florida Partnership	Hotel investment

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up shares/Registered capital	Principal activities
Joint venture companies (continued):					
Incorporated in the British Virgin Islands with limited liability:					
Dazhongli Properties Limited (operating in the Chinese Mainland)	50	–	50	1,000 shares of US$1 each	Holding company
Fortune Access Holdings Limited (operating in Hong Kong)	25	–	25	100 shares of US$1 each	Holding company
Great City China Holdings Limited (operating in the Chinese Mainland)	65	–	65	100 shares of US$1 each	Holding company
Honster Investment Limited (operating in Hong Kong)	50	–	50	2 shares of US$1 each	Holding company
Newfoundworld Investment Holdings Limited (operating in Hong Kong)	26.67	–	26.67	15 shares of US$1 each	Holding company
Incorporated in the Chinese Mainland with limited liability and operating in the Chinese Mainland:					
(Domestic companies)					
Beijing Linlian Real Estate Company Limited (b)	50	–	50	Registered capital of RMB400,000,000	Property investment
Shanghai Kaiye Commercial Management Company Limited (b)	60	–	60	Registered capital of RMB10,000,000	Property management
(Wholly foreign owned enterprises)					
Chengdu Qianhao Real Estate Company Limited	65	–	(c)	Registered capital of US$329,000,000	Property investment
Guan Feng (Shanghai) Real Estate Development Company Limited (b)	50	–	(c)	Registered capital of US$1,136,530,000	Property investment
(Sino-foreign owned enterprises)					
Beijing Xingtaitonggang Properties Company Limited (b)	35	–	35	Registered capital of RMB9,500,000,000	Property investment
Shanghai Qianxiu Company Limited (b)	50	–	50	Registered capital of RMB1,549,777,000	Property investment
Sanya CDF Seaside Investment & Development Company Limited (b)	50	–	50	Registered capital of RMB2,500,000,000	Property investment
Incorporated in Indonesia with limited liability and operating in Indonesia:					
PT Jantra Swarna Dipta	50	–	50	1,202,044 shares of Rp1,000,000 each	Property trading
Associated companies:					
Incorporated in Hong Kong with limited liability and operating in Hong Kong:					
Greenroll Limited (d)	20	20	–	45,441,000 shares (HK$454,410,000)	Hotel investment
Queensway Hotel Limited (d)	20	–	(c)	100,000 shares (HK$1,000,000)	Hotel investment
Shangri-La International Hotels (Pacific Place) Limited	20	20	–	10,005,000 shares (HK$10,005,000)	Hotel investment
Incorporated in Vietnam with limited liability and operating in Vietnam:					
City Garden Thu Thiem Limited Liability Company (d)	20	–	(c)	Charter capital of VND969,797,500,000	Property trading

SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2022

	Gross floor areas in square feet							
	Hong Kong		Chinese Mainland		U.S.A. and Elsewhere		Totals	
	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through subsidiaries and other companies
Completed properties for investment								
Retail	2,321,585	223,903	3,239,776	2,534,983	496,508	–	6,057,869	8,816,755
Office	8,474,662	738,548	1,693,125	1,208,566	–	–	10,167,787	12,114,901
Residential/Serviced apartment	555,551	–	50,376	143,059	–	–	605,927	748,986
Hotels	358,371	435,770	678,897	498,603	–	258,750	1,037,268	2,230,391
	11,710,169	1,398,221	5,662,174	4,385,211	496,508	258,750	17,868,851	23,911,033
Property developments for investment								
Retail	–	–	–	1,071,720	–	–	–	1,071,720
Office	223,303	–	–	–	–	–	223,303	223,303
Residential/Serviced apartment	14,768	–	–	–	–	–	14,768	14,768
Under planning	–	–	2,364,668	1,415,930	1,510,000*	–	3,874,668	5,290,598
	238,071	–	2,364,668	2,487,650	1,510,000	–	4,112,739	6,600,389
Completed properties for sale								
Residential/Serviced apartment	10,817	–	–	–	–	50,611	10,817	61,428
	10,817	–	–	–	–	50,611	10,817	61,428
Property developments for sale								
Retail	15,199	–	–	–	–	–	15,199	15,199
Residential/Mixed-use	795,266	159,576	–	–	1,073,000	1,683,168	1,868,266	3,711,010
	810,465	159,576	–	–	1,073,000	1,683,168	1,883,465	3,726,209
	12,769,522	1,557,797	8,026,842	6,872,861	3,079,508	1,992,529	23,875,872	34,299,059

* One Brickell City Centre is currently under planning. The site is included under “Properties held for development” in the financial statements.

Notes:

1. All properties held through subsidiary companies are wholly-owned except for Island Place (60% owned), Chai Wan Inland Lot No. 178 (80% owned), Taikoo Hui, Guangzhou (97% owned), Taikoo Li Xi’an (70% owned) and Brickell City Centre (Retail: 62.93% owned). The above summary table includes the floor areas of these five properties in 100%.
2. “Other companies” comprise joint venture, associated companies and financial assets at fair value through profit or loss. The floor areas of properties held through such companies are shown on an attributable basis.
3. Gross floor areas in Hong Kong and the Chinese Mainland exclude car parking spaces; there are about 9,840 completed car parking spaces in Hong Kong and the Chinese Mainland, which are held by subsidiaries and other companies for investment.
4. When a Hong Kong property is held under a renewable lease, the expiry date of the renewal period is shown.
5. All properties in the U.S.A. are freehold.
6. Gross floor areas for all properties in the U.S.A. represent saleable or leasable areas for completed and nearly completed properties, which exclude car parking spaces; there are about 1,976 completed car parking spaces held by subsidiaries and other companies for investment.

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office							
1. Pacific Place, 88 Queensway, Central							
One Pacific Place	IL 8571 (part)	2135	115,066 (part)	863,266	–	1988	
Two Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	695,510	–	1990	
2. Three Pacific Place, One Queen's Road East	IL 47A sA RP IL 47A sB RP IL 47A sC RP IL 47B sC RP IL 47A RP IL 47C sA ss1 RP IL 47C sA RP IL 47B sA RP IL 47B sB RP IL 47B RP IL 47A sB ss2 IL 47A sD IL 47B sD IL 47C RP IL 47D RP IL 47D sA RP IL 47 sA ss1 IL 47 sA RP IL 47 sB ss1 & RP IL 47 sC ss1 & ss2 sA & ss2 RP & ss3 sA & ss3 RP & ss4 & ss5 & ss6 sA & ss6 RP & ss7 RP & RP IL 47 sP IL 47 RP IL 47 sC ss5 Ext. IL 47 sC ss1 Ext.	2050-2852	40,236	627,657	111	2004/07	Linked to The Mall at Pacific Place and Admiralty MTR station.
3. Devon House, Taikoo Place	QBML 1 sE ss2 (part) QBML 1 sF ss1 (part) QBML 1 sF RP (part) ML 703 sN (part)	2881	70,414 (part)	803,452	311	1993	Linked to Dorset House and Cambridge House.
4. Dorset House, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	609,540	215	1994	Linked to Devon House and PCCW Tower.
5. Lincoln House, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	333,529	164	1998	Linked to PCCW Tower and One Taikoo Place.
6. Oxford House, Taikoo Place	QBML 1 sC ss4 QBML 1 sC ss7 (part) QBML 2 & Ext. sD	2881/2899	33,434	501,253	182	1999	Linked to One Taikoo Place.

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office *(continued)*							
7. Cambridge House, Taikoo Place	QBML 1 sE ss2 (part) QBML 1 sF ss1 (part) QBML 1 sF RP (part) ML 703 sN (part)	2881	70,414 (part)	268,795	–	2003	Linked to Devon House.
8. One Island East, Taikoo Place	QBML 1 sC ss5 QBML 1 sC ss6 QBML 2 & Ext. sF QBML 2 & Ext. sG QBML 2 & Ext. sH ss6 sB RP QBML 2 & Ext. sH RP QBML 2 & Ext. RP QBIL 15 sD	2881/2899	109,929	1,537,011	–	2008	
9. One Taikoo Place, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	1,013,368	82	2018	Linked to Lincoln House and Oxford House.
10. Two Taikoo Place, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	994,545	346	2022	Linked to PCCW Tower.
11. SPACES. 8QRE, 8 Queen's Road East, Wan Chai	IL 5250 IL 7948 IL 7950	2089/ 2103/2113	4,612	81,346	–	2013 (Refurbishment)	With ground floor retail.
12. 28 Hennessy Road (will be renamed as Five Pacific Place), Wan Chai	ML 23 IL 2244 RP IL 2245 RP	2843	9,622	145,390	–	2012	
	Total held through subsidiaries			**8,474,662**	**1,411**		
13. PCCW Tower, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	620,148	217	1994	Linked to Dorset House, Lincoln House and Two Taikoo Place. Floor area shown represents the whole development, in which the Group owns a 50% interest.
14. Berkshire House, Taikoo Place	IL 8854	2047	25,926	388,838	84	1998	Floor area shown represents the whole development, in which the Group owns a 50% interest.
15. One Citygate, Tung Chung, Lantau	TCTL 2 (part)	2047	358,557 (part)	160,522	63	1999/ 2000	Above Citygate Outlets. Floor area shown represents the whole of the office area of the development, in which the Group owns a 26.67% interest.
16. South Island Place, Wong Chuk Hang	AIL 461 RP	2064	25,260	382,499	137	2018	Floor area shown represents the whole development, in which the Group owns a 50% interest.
	Total held through joint venture companies			**1,552,007**	**501**		
	– of which attributable to the Group			**738,548**			

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail							
1. Pacific Place, 88 Queensway, Central							
The Mall at Pacific Place	IL 8571 (part) IL 8582 & Ext. (part)	2135/2047	318,289 (part)	711,182	426	1988/90	Shopping centre with restaurants and a cinema. Access to Admiralty MTR station. Pacific Place also comprises serviced apartments and hotels, details of which are given in the Residential and Hotel categories below.
2. Cityplaza, Taikoo Shing	QBML 2 & Ext. sK ss5 (part) QBML 2 & Ext. sR RP (part) QBML 2 & Ext. sR ss1 sA (part) QBML 2 & Ext. sR ss2 (part) QBML 2 & Ext. sQ RP (part) QBML 2 & Ext. sQ ss7 sA (part) QBML 2 & Ext. sQ ss7 RP (part) QBML 2 & Ext. sQ ss2 sB (part) QBML 2 & Ext. sQ ss2 sA ss1 (part) QBML 2 & Ext. sQ ss2 sA RP (part) QBML 2 & Ext. sJ RP (part)	2899	334,475 (part)	1,096,898	845	1983/87/ 97/2000	Shopping centre with restaurants, ice-skating rink, cinema and access to Tai Koo MTR station.
3. Commercial areas in Stages I - X of Taikoo Shing	SML 1 sA ss1, SML 1 sA RP SML 1 sB, SML 2 sC RP SML 2 sC ss2 SML 2 sD, SML 2 RP QBML 2 & Ext. sJ ss1 QBML 2 & Ext. sJ ss3 QBML 2 & Ext. sL QBML 2 & Ext. sN QBML 2 & Ext. sQ ss4 & ss5 QBML 2 & Ext. sQ ss2 sC QBML 2 & Ext. sS ss1 QBML 2 & Ext. sH ss1 QBML 2 & Ext. sH ss3 sA QBML 2 & Ext. sK ss3 sA QBML 2 & Ext. sU ss1 QBML 2 & Ext. sK ss3 RP QBML 2 & Ext. sK ss4 sA & RP QBML 2 & Ext. sT ss1 & RP QBML 2 & Ext. sU RP QBML 2 & Ext. sK ss9 & ss10 & ss11 & ss13 & ss16 (part)	2081/ 2889/2899	–	329,810	2,182	1977-85	Neighbourhood shops, schools and car parking spaces.
4. Island Place, 500 King's Road, North Point	IL 8849 (part)	2047	106,498 (part)	150,223	288	1996	Floor area shown represents the whole shopping centre podium, in which the Group owns a 60% interest.
5. StarCrest, 9 Star Street, Wan Chai	IL 8853 (part)	2047	40,871 (part)	13,112	83	1999	Floor area shown represents the whole of the retail podium.
6. EAST Residences, 23 Tong Chong Street, Taikoo Place	ML 703 sI (part)	2881	8,664 (part)	12,312	–	2014	Floor area shown represents the whole of a 3-storey retail podium (excluding serviced-suites above).
7. STAR STUDIOS I & II, 8-10 & 18 Wing Fung Street, Wan Chai	IL 47 sF (part) IL 47 sG (part) IL 47 sH (part) IL 47 sI (part) IL 8464 (part)	2056/2852	6,775 (part)	5,197	–	2016 (Refurbishment)	Floor area shown represents the retail area (excluding residential apartments).

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail *(continued)*							
8. EIGHT STAR STREET, Wan Chai	IL 526 sA ss1 sC IL 526 sA ss1 sB ss1 IL 526 sA ss1 sB RP IL 526 sA ss2 IL 526 sA ss3 IL 526 sA RP	2856	3,609 (part)	2,851	–	2022	Floor area shown represent the whole of the retail podium.
	Total held through subsidiaries			**2,321,585**	**3,824**		
9. Tung Chung Crescent, Tung Chung, Lantau	TCTL 1 (part)	2047	331,658 (part)	36,053	75	1998/ 1999	Floor area shown represents the retail space, in which the Group owns a 26.67% interest.
10. Citygate Outlets, Tung Chung, Lantau	TCTL 2 (part) TCTL 11 (part)	2047/ 2063	466,476 (part)	803,582	1,197	1999/ 2000/ 2019	Floor area shown represents the whole of the retail area of the development, in which the Group owns a 26.67% interest.
	Total held through joint venture companies			**839,635**	**1,272**		
	– of which attributable to the Group			**223,903**			
Residential							
1. Pacific Place Apartments, 88 Queensway, Central	IL 8582 & Ext. (part)	2047	203,223 (part)	443,075	–	1990	270 serviced suites within the Conrad Hong Kong Hotel tower.
2. EAST Residences, 23 Tong Chong Street, Taikoo Place	ML 703 sI (part)	2881	8,664 (part)	62,756	–	2014	106 serviced suites above a 3-storey retail podium. Floor area shown excludes retail portion.
3. STAR STUDIOS I & II, 8-10 & 18 Wing Fung Street, Wan Chai	IL 47 sF (part) IL 47 sG (part) IL 47 sH (part) IL 47 sI (part) IL 8464 (part)	2056/2852	6,775 (part)	47,076	–	2016 (Refurbishment)	120 apartments above ground floor shops. Floor area shown excludes retail area (5,197 square feet).
4. House B, 36 Island Road, Deep Water Bay	RBL 507 & Ext. (part)	2097	20,733 (part)	2,644	–	1980	One detached house.
	Total held through subsidiaries			**555,551**	**–**		
Hotel							
1. EAST Hong Kong, Taikoo Shing	QBML 2 & Ext. sR RP (part) QBML 2 & Ext. sR ss1 sA (part) QBML 2 & Ext. sR ss2 (part) QBML 2 & Ext. sQ RP (part) QBML 2 & Ext. sQ ss7 sA (part) QBML 2 & Ext. sQ ss7 RP (part) QBML 2 & Ext. sQ ss2 sB (part) QBML 2 & Ext. sQ ss2 sA ss1 (part) QBML 2 & Ext. sQ ss2 sA RP (part) QBML 2 & Ext. sJ RP (part)	2899	146,184 (part)	199,633	–	2009	331-room hotel.
2. The Upper House, Pacific Place	IL 8571 (part)	2135	115,066 (part)	158,738	–	2009 (Refurbishment)	117-room hotel above the JW Marriott Hotel.
	Total held through subsidiaries			**358,371**	**–**		
3. JW Marriott Hotel, Pacific Place	IL 8571 (part)	2135	115,066 (part)	525,904	–	1988	608-room hotel, in which the Group owns a 20% interest.
4. Conrad Hong Kong Hotel, Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	555,590	–	1990	513-room hotel, in which the Group owns a 20% interest.
5. Island Shangri-La Hotel, Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	605,728	–	1991	557-room hotel, in which the Group owns a 20% interest.
	Total held through associated companies			**1,687,222**	**–**		
	– of which attributable to the Group			**337,444**			

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Hotel *(continued)*							
6. Novotel Citygate Hong Kong, Citygate	TCTL 2 (part)	2047	358,557 (part)	236,758	25	2005	440-room hotel, in which the Group owns a 26.67% interest.
7. The Silveri Hong Kong – MGallery, Citygate	TCTL 11 (part)	2063	107,919 (part)	131,965	5	2019	206-room hotel, in which the Group owns a 26.67% interest.
	Total held through joint venture companies			**368,723**	**30**		
	– of which attributable to the Group			**98,326**			

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail							
1. Taikoo Li Sanlitun (Taikoo Li Sanlitun South)	19 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	776,909	417	2007	Shopping centre with restaurants and cinema.
2. Taikoo Li Sanlitun (Taikoo Li Sanlitun North)	11 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	519,399	340	2007	Shopping centre with restaurants.
3. Taikoo Li Sanlitun (Taikoo Li Sanlitun West)	58 Gongti North Road, Chaoyang district, Beijing	2033	40,102	293,405	50	2021	Shopping centre with restaurants leased by the Group.
4. Building 15	15 Sanlitun North, Chaoyang district, Beijing	2048	4,861	19,747	–	2000s	Commercial building acquired by the Group.
5. The Red	Building 15A, Sanlitun North, Chaoyang district, Beijing	2027	7,641	10,077	–	2000s	Shopping centre leased by the Group.
6. Hui Fang	75 Tianhe East Road, Tianhe district, Guangzhou	2044	174,377 (part)	90,847	100	2008	Shopping centre with restaurants.
7. Taikoo Hui	381-389 Tianhe Road (odd numbers), Tianhe district, Guangzhou	2051	526,941 (part)	1,529,392	718	2011	Shopping centre with restaurants. Floor area shown represents the retail portion, in which the Group owns a 97% interest.
	Total held through subsidiaries			**3,239,776**	**1,625**		
8. INDIGO	18 Jiuxianqiao Road, Chaoyang district, Beijing	2044 (2054 for car parks)	631,072 (part)	946,769	617	2012	Shopping centre with restaurants and cinema. Floor area shown represents the retail portion, in which the Group owns a 50% interest.
9. Sino-Ocean Taikoo Li Chengdu	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	814,604 (part)	1,314,237	1,051	2014	Shopping centre with restaurants and cinema. Floor area shown represents the retail portion, in which the Group owns a 65% interest.
10. Heritage Buildings in Sino-Ocean Taikoo Li Chengdu	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2034	N/A (part)	40,387	–	2014	Heritage Buildings leased from the local government as part of the retail operation of Sino-Ocean Taikoo Li Chengdu, in which the Group owns a 65% interest.
11. HKRI Taikoo Hui	South of West Nanjing Road and east of Shi Men Yi Road, Jing'an district, Shanghai	2049	676,091 (part)	1,105,646	240	2016	Floor area shown represents the retail portion, in which the Group owns a 50% interest.

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail *(continued)*							
12. Metrolink in HKRI Taikoo Hui	South of West Nanjing Road and underneath Shi Men Yi Road, Jing'an district, Shanghai	2028	N/A (part)	67,813	–	2018	Shopping corridor leased from Shanghai Shentong Metro and operated by HKRI Taikoo Hui, in which the Group owns a 50% interest.
13. Taikoo Li Qiantan	East of Yangsi West Road, West of Dongyu Road, North of Haiyang West Road, Pudong New district, Shanghai	2053	638,125	1,188,727	907	2020	The Group owns a 50% interest.
	Total held through joint venture companies			**4,663,579**	**2,815**		
	– of which attributable to the Group			**2,534,983**			
Office							
1. Taikoo Hui Towers 1 & 2	North of Tianhe Road and west of Tianhe East Road, Tianhe district, Guangzhou	2051	526,941 (part)	1,693,125	–	2011	Floor area shown represents the office portion, in which the Group owns a 97% interest.
	Total held through subsidiaries			**1,693,125**	**–**		
2. ONE INDIGO	20 Jiuxianqiao Road, Chaoyang district, Beijing	2054	631,072 (part)	589,071	390	2011	Floor area shown represents the office portion, in which the Group owns a 50% interest.
3. HKRI Centre 1 and HKRI Centre 2	South of West Nanjing Road and east of Shi Men Yi Road, Jing'an district, Shanghai	2059	676,091 (part)	1,828,060	798	2016	Floor area shown represents the office portion, in which the Group owns a 50% interest.
	Total held through joint venture companies			**2,417,131**	**1,188**		
	– of which attributable to the Group			**1,208,566**			
Hotel							
1. The Opposite House	11 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	169,463	32	2007	99-room hotel.
2. Mandarin Oriental, Guangzhou	North of Tianhe Road and west of Tianhe East Road, Tianhe district, Guangzhou	2051	526,941 (part)	Hotel: 509,434 Serviced apartment: 50,376 559,810	– –	2012	263-room hotel and 24 serviced apartments, in which the Group owns a 97% interest.
	Total held through subsidiaries			**729,273**	**32**		
3. EAST Beijing	22 Jiuxianqiao Road, Chaoyang district, Beijing	2044 (2054 for office and car parks)	631,072 (part)	358,301	240	2012	369-room hotel, in which the Group owns a 50% interest.
4. The Temple House	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	814,604 (part)	Hotel: 193,137 Serviced apartment: 106,804 299,941	– –	2015	100-room hotel and 42 serviced apartments, in which the Group owns a 65% interest.

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Hotel *(continued)*							
5. The Sukhothai Shanghai Hotel	380 Weihai Road, Jing'an district, Shanghai	2049	676,091 (part)	Hotel: 246,646	79	2018	201-room hotel, in which the Group owns a 50% interest.
The Middle House	366 Shi Men Yi Road, Jing'an district, Shanghai			Hotel: 141,181	43	2018	111-room hotel, in which the Group owns a 50% interest.
The Middle House Residences	366 Shi Men Yi Road, Jing'an district, Shanghai			Serviced apartment: 147,273	40	2018	102 serviced apartments, in which the Group owns a 50% interest.
				535,100			
	Total held through joint venture companies			**1,193,342**	**402**		
	– of which attributable to the Group			**641,662**			

Completed properties for investment in the United States	Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail						
1. Brickell City Centre – retail portion	701 S Miami Avenue, Miami, Florida	380,670 (part)	496,508	1,137	2016	Floor area shown represents the whole shopping centre, in which the Group owns a 62.93% interest.
2. Car parking spaces for Two Brickell City Centre, Three Brickell City Centre, EAST Residences and EAST Miami	78 SW 7th Street and 788 Brickell Plaza, Miami, Florida	380,670 (part)	–	389	2016	The Group owns the 389 car parking spaces of the sold properties.
	Total held through subsidiaries		**496,508**	**1,526**		
Hotel						
1. Mandarin Oriental, Miami	South Brickell Key, Miami, Florida	120,233	345,000	600	2000	326-room luxury hotel in central Miami, in which the Group owns a 75% interest.
	Total held through joint venture companies		**345,000**	**600**		
	– of which attributable to the Group		**258,750**			

Property developments for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Residential								
1. Rocky Bank, 6 Deep Water Bay Road	RBL 613 RP	2099	28,197	14,768	–	Site formation and foundation in progress	2024	Floor area shown is an approximation.
	Total held through subsidiaries			**14,768**	**–**			

Property developments for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Office								
1. Six Pacific Place, 46-56 Queen's Road East	IL 2242 IL 2244 sA IL 2244 sB IL 2244 sC IL 2245 sA IL 2245 sB IL 2245 sC IL 2245 sD IL 2245 sE IL 2245 sF	2843	14,433	223,303	88	Superstructure works in progress	2023	Floor area shown is an approximation.
	Total held through subsidiaries			**223,303**	**88**			

Property developments for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Retail								
1. Phase III of the Sanya International Duty-Free Complex	Next to and on the west of current Phase II of the Sanya International Duty-Free Complex	2063	2,233,387	Under planning: 2,143,440 (under design & further review)	2,075	Site handover completed, foundation works expected from Q1 2023	From late 2024	A premium, resort-style, retail-led development in the Haitang district of Sanya. The Group owns a 50% interest.
	Total held through joint venture companies			**2,143,440**	**2,075**			
	– of which attributable to the Group			**1,071,720**				
Under planning								
1. Taikoo Li Xi'an	The Small Wild Goose Pagoda historical and cultural Zone Beilin District, Xi'an	2062	1,290,669	Under planning: 2,364,668	To be determined	Under planning	2025	Retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments. The Group owns a 70% interest.
	Total held through subsidiaries			**2,364,668**	–			
2. INDIGO Phase Two, Beijing	Next to and on the east of current INDIGO, Beijing	2060 for retail and hotel, 2070 for office	842,807 (part)	Under planning: 4,045,514	To be determined	Basement structure works are in progress	Phase 1: 2025 Phase 2: 2026	An office-led, mixed-use extension of the existing INDIGO project comprising a shopping mall, office towers, and a hotel. The Group owns a 35% interest.
	Total held through joint venture companies			**4,045,514**	–			
	– of which attributable to the Group			**1,415,930**				

Property developments for investment in the United States	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
Under planning					
1. One Brickell City Centre, Miami, Florida	123,347	Under planning: 1,510,000	To be determined	To be determined	One Brickell City Centre is being planned as a future mixed-use development comprised of retail and Grade A office space. Area shown is in lettable area.
	Total held through subsidiaries	**1,510,000**	–		

Completed properties for sale in Vietnam	Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Residential						
1. The River	Thu Thiem, Lot 3.15	165,518	253,054	–	2022	3 residential towers with 525 units, in which the Group effectively owns a 20% interest. GFA excludes 6,886 sqm of parking and 4,500 sqm of retail which is not included in the Group's investment. As of 31st December 2022, sales of 368 units had been closed. Floor area shown represents the GFA of the remaining 157 residential units.
	Total held through associated companies		**253,054**	**–**		
	– of which attributable to the Group		**50,611**			

Completed properties for sale in the Hong Kong	Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Residential						
1. EIGHT STAR STREET	8 Star Street, Wan Chai	3,609 (part)	10,817	–	2022	Residential block comprising 37 units over retail podium. As of 31st December 2022, sales of 27 units had been closed. Floor area shown represents the GFA of remaining 10 residential units.
	Total held through subsidiaries		**10,817**	**–**		

Property developments for sale in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
Residential							
1. 269 Queen's Road East	IL 9061	2072	13,203 (part)	102,990	To be determined	2025	Residential block over retail podium. Floor area shown represents the residential portion of the development.
2. Chai Wan Inland Lot No. 178	CWIL 178	2071	96,876 (part)	692,276	To be determined	2025	The residential portion of the whole development, in which the Group owns a 80% interest.
	Total held through subsidiaries			**795,266**	**–**		
3. Wong Chuk Hang Station Package Four Property Development	AIL 467	2067	738,199 (part)	638,305	To be determined	2024	Floor area shown represents the whole Package Four development, in which the Group owns a 25% interest.
	Total held through joint venture companies			**638,305**	**–**		
	– of which attributable to the Group			**159,576**			
Retail							
1. 269 Queen's Road East	IL 9061	2072	13,203 (part)	13,197	To be determined	2025	The retail portion of the whole development.
2. Chai Wan Inland Lot No. 178	CWIL 178	2071	96,876 (part)	2,002	To be determined	2025	The retail portion of the whole development, in which the Group owns a 80% interest.
	Total held through subsidiaries			**15,199**	**–**		

Property developments for sale in the United States	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. South Brickell Key, Miami, Florida	105,372	Residential: 550,000	395	–	Development site in central Miami acquired in January 1997 along with Mandarin Oriental site. Plans for condominium tower currently on hold.
2. North Squared, Miami, Florida	380,670 (part)	Residential: 523,000	544	–	The development on the North Squared site is currently on hold.
	Total held through subsidiaries	**1,073,000**	**939**		

Property developments for sale in Indonesia	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Savyavasa, South Jakarta	Jalan Wijaya II No.37A Kebayoran Baru, South Jakarta	227,982	Residential: 1,122,728	1,079	2024	Residential tower with 433 units, in which the Group owns a 50% interest.
	Total held through joint venture companies		**1,122,728**	**1,079**		
	– of which attributable to the Group		**561,364**			

Property developments for sale in Vietnam	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Empire City	Thu Thiem, (Zone 2b)	1,103,461	Residential/ Mixed-use: 7,131,624	4,729	In phases up to 2028	A residential-led mixed-use project comprising luxury residential condominiums, an office tower, a hotel, serviced apartments and a retail mall. To be completed in phases up to 2028. The Group effectively owns a 15.73% interest. GFA excludes 172,295 sqm of parking (although this is included in the Group's investment).
	Total held through financial assets at fair value through profit or loss		**7,131,624**	**4,729**		
	– of which attributable to the Group		**1,121,804**			

GLOSSARY

References in this document to Hong Kong are to Hong Kong SAR.

Attributable gross rental income Gross rental income less amount shared by non-controlling interests plus the Group's share of gross rental income of joint venture and associated companies, and adjusted with related rental concession recognised in the consolidated statement of profit or loss.

Equity attributable to the Company's shareholders Equity before non-controlling interests.

Gross borrowings Total of loans, bonds and overdrafts.

Net assets employed Total equity plus net debt.

Net debt Total borrowings and lease liabilities less short-term deposits and bank balances.

Underlying profit Reported profit adjusted principally for the impact of (i) changes in the fair value of investment properties, (ii) deferred tax on investment properties and (iii) amortisation of right-of-use assets reported under investment properties.

Recurring underlying profit Underlying profit adjusted for significant credits and charges of a non-recurring nature, including gains on the sale of interests in investment properties.

Ratios

$$\text{Earnings per share} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Return on average equity attributable to the Company's shareholders} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Average equity during the year attributable to the Company's shareholders}}$$

$$\text{Equity attributable to the Company's shareholders per share} = \frac{\text{Equity before non-controlling interests}}{\text{Number of shares in issue at the end of the year}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

$$\text{Interest cover} = \frac{\text{Operating profit}}{\text{Net finance charges}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Dividend payout ratio} = \frac{\text{Dividends paid and declared}}{\text{Profit attributable to the Company's shareholders}}$$

FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

Financial Calendar 2023

Shares traded ex-dividend	3rd April
Annual Report available to shareholders	4th April
Share register closed for 2022 second interim dividend entitlement	6th April
Payment of 2022 second interim dividend	4th May
Share register closed for attending and voting at Annual General Meeting	4th – 9th May
Annual General Meeting	9th May
Interim results announcement	August
2023 first interim dividend payable	October

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