SWIRE PROPERTIES

Stock Code: 01972

Annual Report 2023

Cover image:

TWO TAIKOO PLACE, HONG KONG

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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 and management.

Founded in Hong Kong in 1972, the Company is listed on The Stock Exchange of Hong Kong Limited and, with its subsidiaries, employs around 5,700 people. The Company's shopping malls are home to more than 2,200 retail outlets. Its offices house a working population estimated to exceed 70,000.

In Hong Kong, we have spent over 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, and has several projects under development in Beijing, Shanghai, Sanya and Xi'an. Similar in scale to our developments in Hong Kong, our Chinese Mainland properties are in prime locations with excellent transport connections.

The Company has interests in the luxury and high quality residential markets in Hong Kong, the Chinese Mainland, 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 a confirmed 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.

CREATIVE TRANSFORMATION

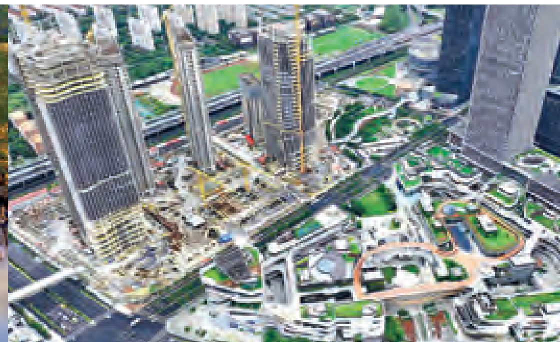
Captures what we do and how we do it. It underlines the creative mindset and long-term approach that enables us to seek out new perspectives, and original thinking that goes beyond the conventional. It also encapsulates our ability to unlock the potential of places and create vibrant destinations that can engender further growth and create sustainable value for our stakeholders.

2023 HIGHLIGHTS

03

Swire Properties Arts Month returned. Continued partnership with Art Basel Hong Kong; and hosted the monumental work ***Gravity***, the first offsite art installation from the *Encounters* sector, at Pacific Place. ArtisTree also celebrated this March event with the ***Urban Rocks*** exhibition.

Hong Kong



07

Successfully priced the Company's first public **Renminbi "green dim sum" bonds**, making Swire Properties the first Hong Kong corporate to issue a RMB-denominated public green bond.

Hong Kong

08

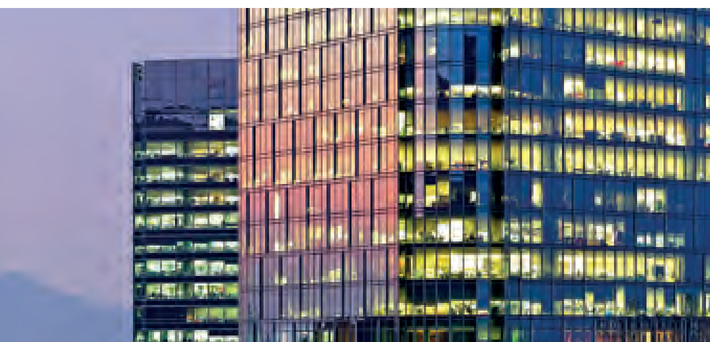
Announced a new name for **Taikoo Li Chengdu** after the acquisition of the remaining interest completed.

Chengdu

09

New partnership with Lujiazui Group to develop **Yangjing** and **New Bund Mixed-use Projects** in Pudong.

Shanghai



11

Entered into agreements to sell 12 floors of **One Island East** to the Securities and Futures Commission.

Hong Kong

11

Official groundbreaking for **Taikoo Li Xi'an**, a joint venture project.

Xi'an


06

Officially launched **Quarryside**, a new community space in Quarry Bay, with Swire Properties as the project's Supporting Partner.

Hong Kong

07

Started the presale for **LA MONTAGNE**, a joint venture residential development, in Wong Chuk Hang.

Hong Kong

07

Completed the acquisition of **Wah Ha Factory Building** in Quarry Bay, which will be redeveloped for office and commercial use together with the adjacent **Zung Fu Industrial Building**.

Hong Kong



10

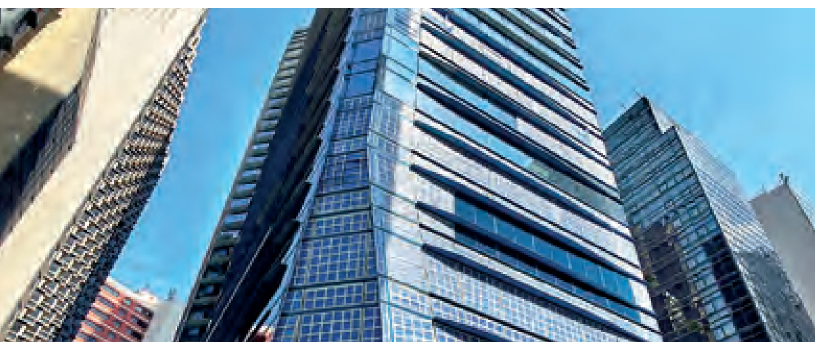
The Upper House recognised in the top five best hotels in the world by the inaugural World's 50 Best Hotels list.

Hong Kong

10

Obtained full ownership of **983 to 987A King's Road and 16 to 94 Pan Hoi Street**, a joint venture project in Quarry Bay.

Hong Kong




02 2024

Completed **Six Pacific Place** office tower, which marks a key milestone to the expansion of the greater Pacific Place portfolio.

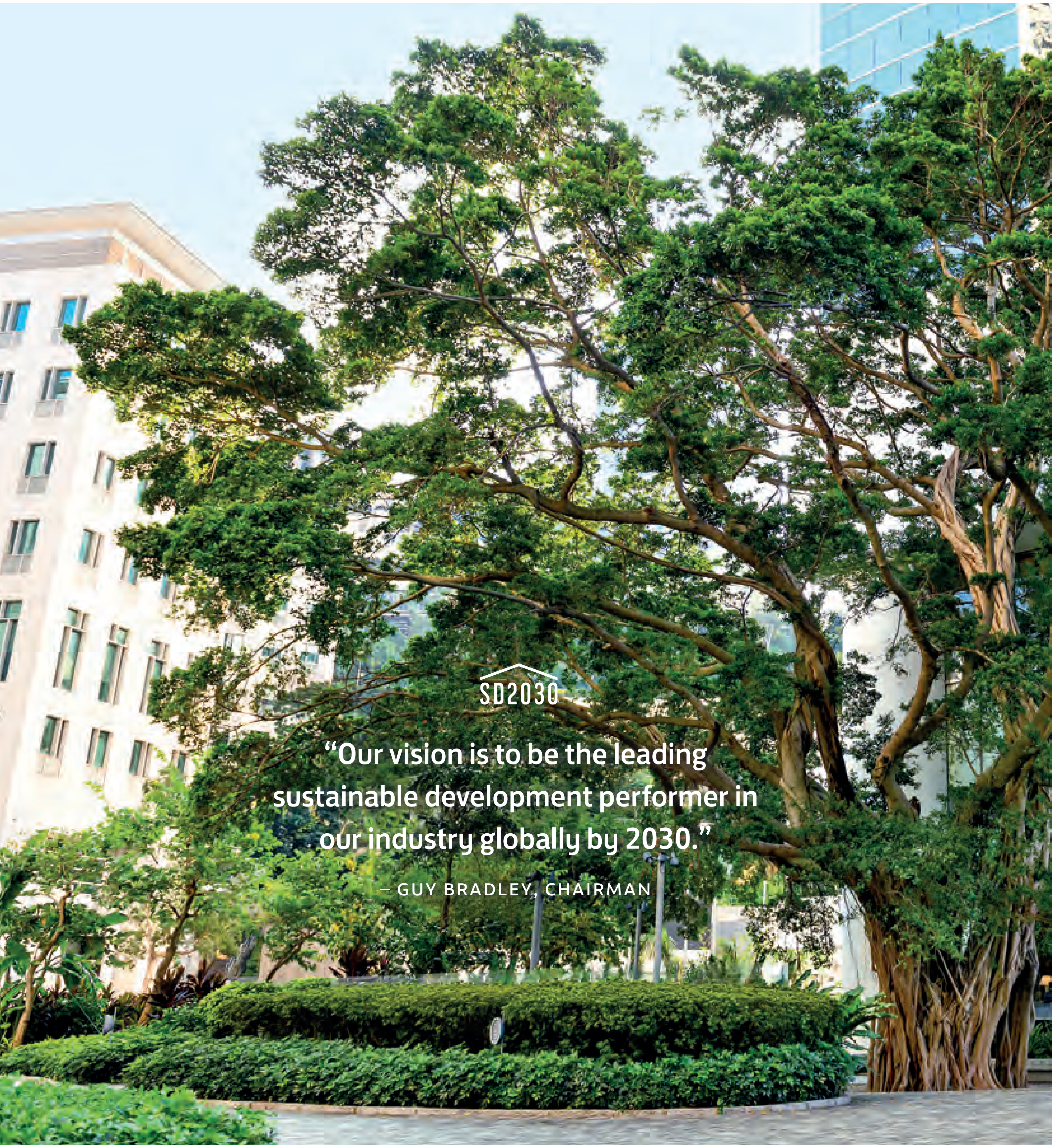
Hong Kong

02 2024

Savyavasa, a luxury residential property in Indonesia, officially topped out.

Jakarta

2023 SUSTAINABLE DEVELOPMENT HIGHLIGHTS



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

Ranked 2nd globally in the Real Estate Management and Development Industry

Ranked 1st globally in the "Environmental Dimension" score

DJSI World constituent company for the 7th consecutive year

GRESB
REAL ESTATE
sector leader 2023

Global Sector Leader (Mixed Use Sector) for the 7th consecutive year

Global Development Sector Leader (Mixed Use Sector) for the 4th consecutive year

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Hang Seng Corporate Sustainability Index Series Member 2023-2024

AAA HKQAA

No. 1 for the 6th consecutive year, and maintained the highest possible rating – "AAA"

Top 10%
S&P Global Corporate Sustainability Assessment (CSA) Score 2023

最佳 1%
中国企业标普全球 ESG 评分 2022

S&P Sustainability Yearbook 2024
Top 10% S&P Global ESG Score

S&P Sustainability Yearbook (China) 2023
Top 1% S&P (China) ESG Score

Green Building Award 2023 by the Hong Kong Green Building Council and the Professional Green Building Council

Citygate won Grand Award in the Existing Buildings Category (Facilities Management)

Six Pacific Place won Grand Award in the New Buildings Category (Projects under Construction and/or Design – Commercial)

Taikoo Li Qiantan won Merit Award in the New Buildings Category (Completed Projects – Commercial)

2023 Hong Kong Sustainability Award by the Hong Kong Management Association

Grand Award

2023 RICS Hong Kong Awards

Sustainability Award

Hong Kong Green Building Council Zero-Carbon-Ready Building Certification Scheme

17 buildings certified under the newly launched scheme in 2023

2023 Randstad Employer Brand Awards

Top 5 Most Attractive Employers in Hong Kong

2023 Gender Equality Global Report & Ranking by Equileap

Top 10 List

2023 Best Annual Reports Award by the Hong Kong Management Association

Sustainable Development (SD) Report 2022: Best Environmental, Social and Governance Reporting (Property Development & Investment category)

Annual Report 2022: Silver Award (General category)

Best Corporate Governance and ESG Awards 2023 by Hong Kong Institute of Certified Public Accountants

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

FinanceAsia Achievement Awards 2023

House Awards – Best Issuer – ESG

Deal Awards (Asia) – Best Sustainable Finance Deal (Hong Kong SAR), Swire Properties Limited CNH3.2bn RegS senior unsecured green dim sum public bond offering

IFR Asia Awards 2023

Country awards – Renminbi Bond, Swire Properties' RMB3.2bn dual-tranche green dim sum bond

The Asset Triple A Sustainable Finance Awards 2024

Best Green Bond – Real Estate (Hong Kong SAR), Swire Properties CNH3.2bn dual-tranche green dim sum bond

SUSTAINABLE DEVELOPMENT (SD) 2030 STRATEGY: 2023 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.

Sustainable Placemaking

Taikoo Li Xi'an, located at the Small Wild Goose Pagoda historical and cultural zone, a UNESCO World Heritage site, broke ground in November and will become our largest Taikoo Li project in the Chinese Mainland. The project will incorporate elements of cultural heritage preservation, net-zero design, climate resilience to create a vibrant and sustainable world-class commercial destination

Wellness

Taikoo Square and Taikoo Garden, our two new green spaces, will provide approximately 69,000 sq ft of open space for the enjoyment of the community and promote urban biodiversity

Vibrancy

Launched "Quarryside", a new community space offering diverse experiences to promote a creative, healthy and sustainable lifestyle

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	2023 Progress
A **25%** increase in training hours/ employee/year[1]	**23** training hours/ employee/year (**↑89%**) **~157,000** training hours delivered

Established a Workplace Wellbeing Framework designed to cultivate a healthier, happier and more productive work environment

Occupational Health and Safety

Implementing a 2023-2025 Health and Safety Roadmap to raise safety awareness among employees and effectively identify and remove serious hazards from the workplace

2025 KPI	2023 Progress
Maintain Lost Time Injury Rate ("LTIR")	
Non-hotel operations: **≤1.2**	Non-hotel operations: **0.64**
Hotel operations: **≤2.0**	Hotel operations: **1.16**

Diversity & Inclusion

2025 KPI	2023 Progress
Maintain a female representation of no less than **40%** in the workforce	**41.9%** of the workforce are female
Maintain a gender balance in senior management	**42.9%** 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 **7,544** volunteer service hours, supporting **48** 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	2023 Progress
Reduce 5-year rolling average of accident rate[3] in our Hong Kong development projects by **50%**	Achieved a reduction of **58%** in accident rate

HK$559 million spent on sustainable procurement[4]

Deployed a supply chain ESG assessment platform that track sustainability performance and carbon emissions of suppliers

Tenants

Launched the **"Green Performance Pledge (GPP) Academy"**, a three-year partnership with BEC, offering office tenants capacity building programme to drive energy, water, and waste reduction.

2025 KPI	2023 Progress
50% of tenants in our office portfolios[5] sign the Green Performance Pledge to jointly improve environmental performance	**90** tenants signed GPP, which covered **41%** of tenants, equivalent to over **3.5** million sq ft LFA in our office portfolio in Hong Kong and the Chinese Mainland

Recognised **107** F&B tenants in Hong Kong and the Chinese Mainland with Green Kitchen Awards

The Smart Reusable Cup System at Taikoo Place and Pacific Place has collectively avoided the disposal of over **23,000** single-use cups since its launch

1 Compared to the baseline year of 2016.
2 Gender pay ratio is calculated based on a non-weighed average methodology.
3 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.
4 Products that meet specific sustainability criteria such as green certification or accreditation by reputable, independent third parties.
5 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.
6 Compared to the 2019 baseline.
7 Compared to the 2018 baseline.

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 | **2023 Progress**

Absolute GHG emissions (Scope 1 and Scope 2):

↓25%[6] | ↓29%

2030 KPI | **2023 Progress**

Value chain GHG emissions (Scope 3 – Downstream Leased Assets):

↓28% per square metre[7] | ↓40%

Energy

2025 KPI | **2023 Progress**

Reduction of electricity use intensity[8]

Hong Kong Portfolio[9]: ↓20%[6] | Hong Kong Portfolio[9]: ↓15%

Chinese Mainland Portfolio[9]: ↓13%[6] | Chinese Mainland Portfolio[9]: ↓7%

Resource and Circularity

2025 KPI | **2023 Progress**

Commercial waste diversion rate

Hong Kong Portfolio[9]: 30% | Hong Kong Portfolio[9]: 26%

Chinese Mainland Portfolio[9]: 40% | Chinese Mainland Portfolio[9]: 46%

Building/Asset Investment

2025 KPI

100% of wholly-owned[10] new development projects to achieve the highest environmental building assessment scheme rating

2023 Progress

100% of new development projects[10] achieved the highest ratings

92% of wholly-owned existing developments[10] achieved the highest ratings

8 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 2023 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.
9 Hong Kong portfolio and Chinese Mainland portfolio refer to our office and retail portfolios and hotels in Hong Kong and the Chinese Mainland respectively.
10 Joint venture projects and trading properties are excluded.

Performance (Economic)

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

Financial Performance

HK$11,570 million in underlying profit attributable to shareholders

Green Financing

2025 KPI

Achieve a minimum of **50%** of bond and loan facilities from green financing

2023 Progress

~60% of current bond and loan facilities are from green financing

First Hong Kong company to issue "Green Dim Sum" Renminbi Public Bonds, valued at RMB3.2 billion. The transaction was recognised with the "Deal Awards (Asia) – Best Sustainable Finance Deal (Hong Kong SAR)" at the FinanceAsia Achievement Awards 2023

Corporate Governance

2025 KPI

Maintain no less than **30%** of female representation on our Board

2023 Progress

35.7% of our Board positions are held by female members

Disclosure and Communications

Published our sixth set of **climate-related financial disclosures** as per TCFD recommendations and ISSB IFRS S2 Climate-related Disclosures

TNFD

Published our nature-related impacts, dependencies, risks, and opportunities, in line with the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations

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

Ranked 2nd globally, Member of the World Index – 7th consecutive year

GRESB REAL ESTATE sector leader 2023

Global Sector Leader – 7th consecutive year

Hang Seng Corporate Sustainability Index Series Member 2023-2024 AAA HKQAA

Ranked No. 1 for 6th consecutive year, "AAA" rating

Top 10% S&P Global Corporate Sustainability Assessment (CSA) Score 2023
最佳 1% 中国企业标普全球 ESG 评分 2022

S&P Sustainability Yearbook

FTSE4Good

FINANCIAL HIGHLIGHTS

Results For the year	Note	2023 HK$M	2022 HK$M	Change
Revenue		**14,670**	13,826	+6%
Profit attributable to the Company's shareholders				
Underlying	*(a), (b)*	**11,570**	8,706	+33%
Recurring underlying	*(a), (b)*	**7,285**	7,176	+2%
Reported		**2,637**	7,980	-67%
Cash generated from operations		**7,492**	6,332	+18%
Net cash outflow before financing		**(8,416)**	(3,243)	N/A
		HK$	HK$	
Earnings per share				
Underlying	*(c), (d)*	**1.98**	1.49	+33%
Recurring underlying	*(c), (d)*	**1.25**	1.23	+2%
Reported	*(c), (d)*	**0.45**	1.36	-67%
Dividend per share				
First interim		**0.33**	0.32	+3%
Second interim		**0.72**	0.68	+6%

Financial Position At 31st December		HK$M	HK$M	
Total equity (including non-controlling interests)		**288,149**	292,258	-1%
Net debt		**36,679**	18,947	+94%
Gearing ratio	*(a)*	**12.7%**	6.5%	+6.2%pt.
		HK$	HK$	
Equity attributable to the Company's shareholders per share	*(a)*	**48.73**	49.44	-1%

Notes:

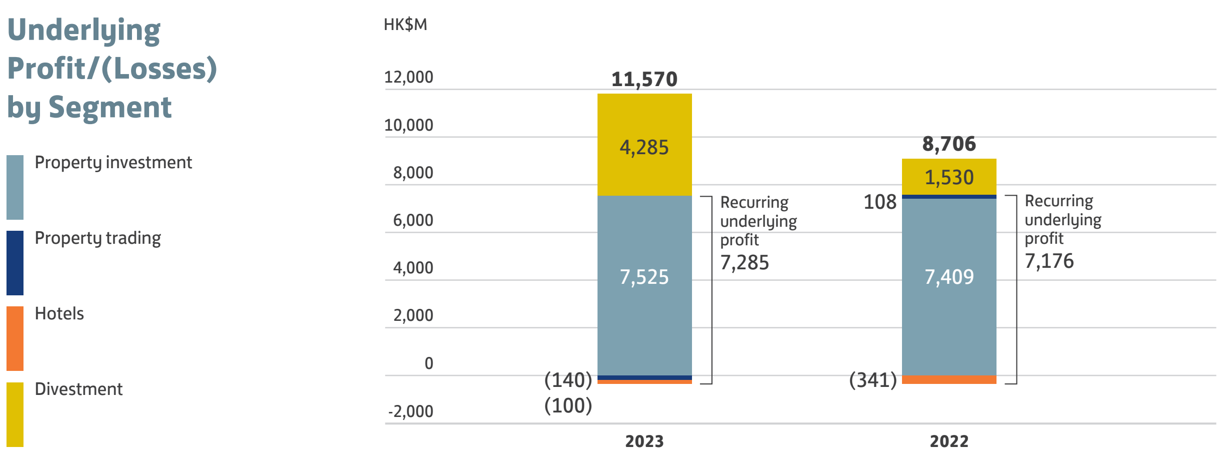
(a) Refer to glossary on page 223 for definition.

(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 29.

(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.

Underlying Profit/(Losses) by Segment



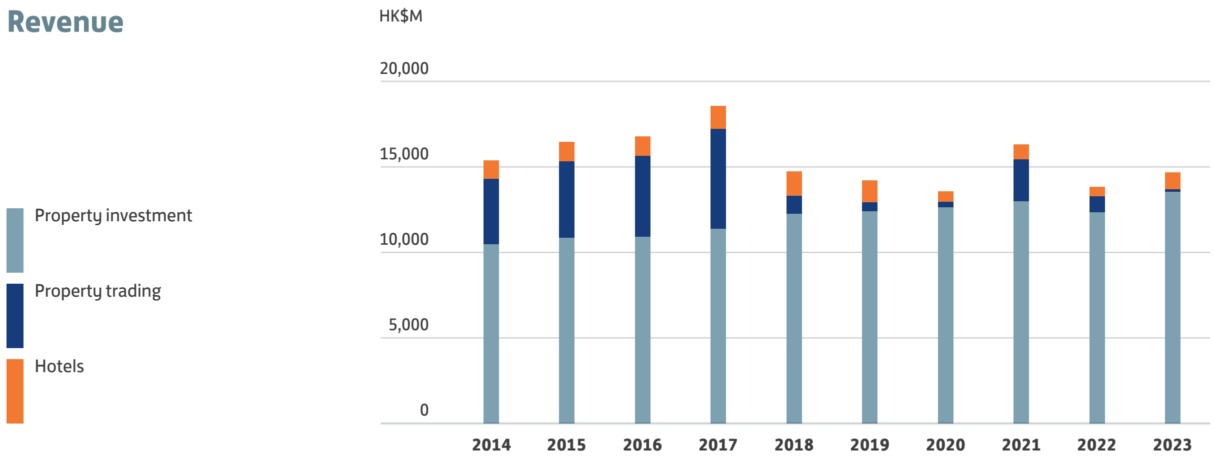
TEN-YEAR FINANCIAL SUMMARY

	2014 HK$M	2015 HK$M	2016 HK$M	2017 HK$M	2018 HK$M	2019 HK$M	2020 HK$M	2021 HK$M	2022 HK$M	**2023 HK$M**
STATEMENT OF PROFIT OR LOSS										
Revenue										
Property investment	10,456	10,857	10,902	11,380	12,254	12,410	12,635	12,981	12,340	**13,525**
Property trading	3,842	4,463	4,760	5,833	1,061	516	312	2,443	921	**166**
Hotels	1,089	1,127	1,130	1,345	1,404	1,296	641	894	565	**979**
	15,387	16,447	16,792	18,558	14,719	14,222	13,588	16,318	13,826	**14,670**
Profit Attributable to the Company's Shareholders										
Property investment	6,029	6,231	5,938	6,671	8,732	10,061	8,839	8,654	8,025	**7,325**
Property trading	1,020	1,089	1,199	1,111	99	(18)	(87)	601	171	**(169)**
Hotels	30	(303)	(117)	(43)	(41)	(70)	(524)	(307)	(341)	**(100)**
Change in fair value of investment properties	2,437	7,055	8,030	26,218	19,876	3,450	(4,645)	(1,836)	125	**(4,419)**
	9,516	14,072	15,050	33,957	28,666	13,423	3,583	7,112	7,980	**2,637**
Dividends for the year	3,861	4,154	4,154	4,505	4,914	5,148	5,324	5,558	5,850	**6,143**
Retained profit	5,655	9,918	10,896	29,452	23,752	8,275	(1,741)	1,554	2,130	**(3,506)**
STATEMENT OF FINANCIAL POSITION										
Net Assets Employed										
Property investment	226,607	235,917	248,466	283,045	299,659	289,185	282,257	288,246	293,752	**300,678**
Property trading	8,210	7,452	6,616	3,942	4,143	7,789	7,249	9,637	11,612	**17,334**
Hotels	7,801	7,928	7,520	7,738	7,394	7,229	7,243	6,061	5,841	**6,816**
	242,618	251,297	262,602	294,725	311,196	304,203	296,749	303,944	311,205	**324,828**
Financed by										
Equity attributable to the Company's shareholders	207,691	216,247	225,369	257,381	279,275	286,927	288,216	291,624	289,211	**285,082**
Non-controlling interests	856	1,702	1,856	1,997	2,016	1,984	1,928	1,986	3,047	**3,067**
Net debt	34,071	33,348	35,377	35,347	29,905	15,292	6,605	10,334	18,947	**36,679**
	242,618	251,297	262,602	294,725	311,196	304,203	296,749	303,944	311,205	**324,828**
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	**HK$**
Earnings per share	1.63	2.41	2.57	5.80	4.90	2.29	0.61	1.22	1.36	**0.45**
Dividends per share	0.66	0.71	0.71	0.77	0.84	0.88	0.91	0.95	1.00	**1.05**
Equity attributable to shareholders per share	35.50	36.97	38.52	44.00	47.74	49.05	49.27	49.85	49.44	**48.73**
RATIOS										
Return on average equity attributable to the Company's shareholders	4.6%	6.6%	6.8%	14.1%	10.7%	4.7%	1.2%	2.5%	2.7%	**0.9%**
Gearing ratio	16.3%	15.3%	15.6%	13.6%	10.6%	5.3%	2.3%	3.5%	6.5%	**12.7%**
Interest cover – times	8.96	13.56	15.48	38.81	33.29	28.85	12.93	20.78	48.26	**9.96**
Dividend payout ratio	40.6%	29.5%	27.6%	13.3%	17.1%	38.4%	148.6%	78.1%	73.3%	**233.0%**
UNDERLYING										
Profit (HK$M)	7,152	7,078	7,112	7,834	10,148	24,130	12,166	9,532	8,706	**11,570**
Return on average equity attributable to the Company's shareholders	3.5%	3.3%	3.2%	3.2%	3.8%	8.5%	4.2%	3.3%	3.0%	**4.0%**
Earnings per share (HK$)	1.22	1.21	1.22	1.34	1.73	4.12	2.08	1.63	1.49	**1.98**
Interest cover – times	7.58	7.75	8.89	10.68	12.58	48.16	32.10	32.96	74.74	**26.76**
Dividend payout ratio	54.0%	58.7%	58.4%	57.5%	48.4%	21.3%	43.8%	58.3%	67.2%	**53.1%**

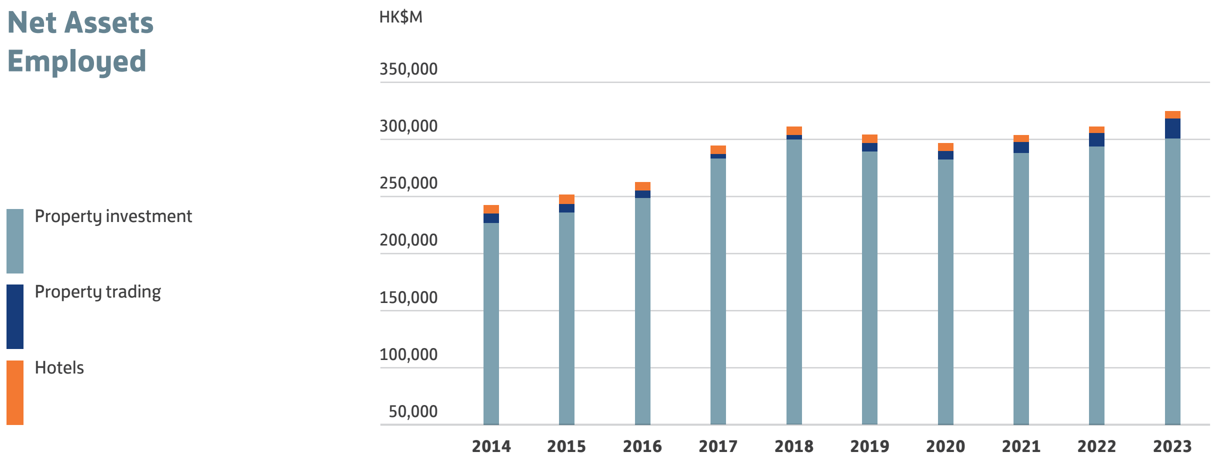
Notes:

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 2023 may be different from those originally presented.
2. The equity attributable to the Company's shareholders and the returns by segment for 2023 and 2022 are shown in the Financial Review – Investment Appraisal and Performance Review on page 80.
3. Underlying profit is discussed on pages 29 to 31.
4. Refer to Glossary on page 223 for definitions and ratios.

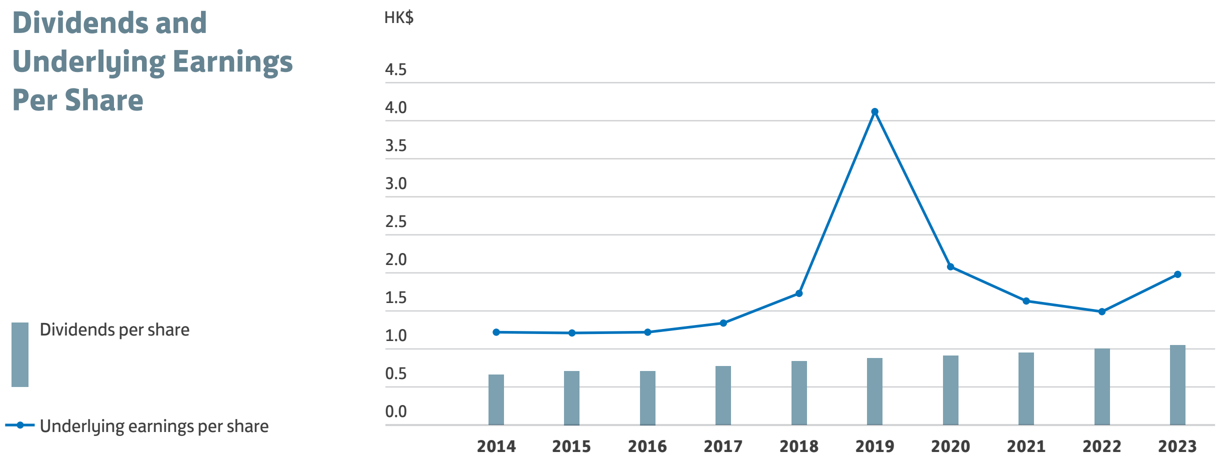
Revenue



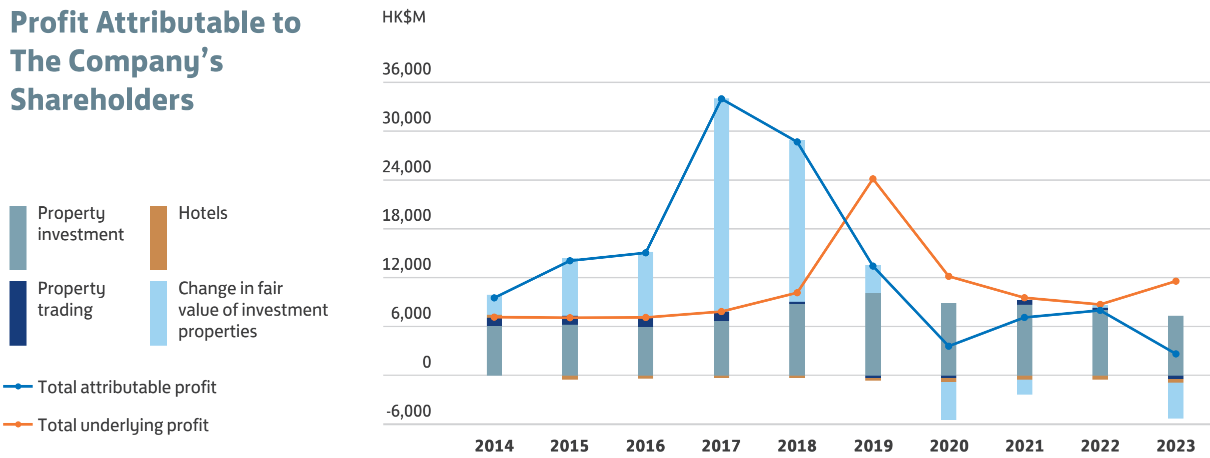
Net Assets Employed



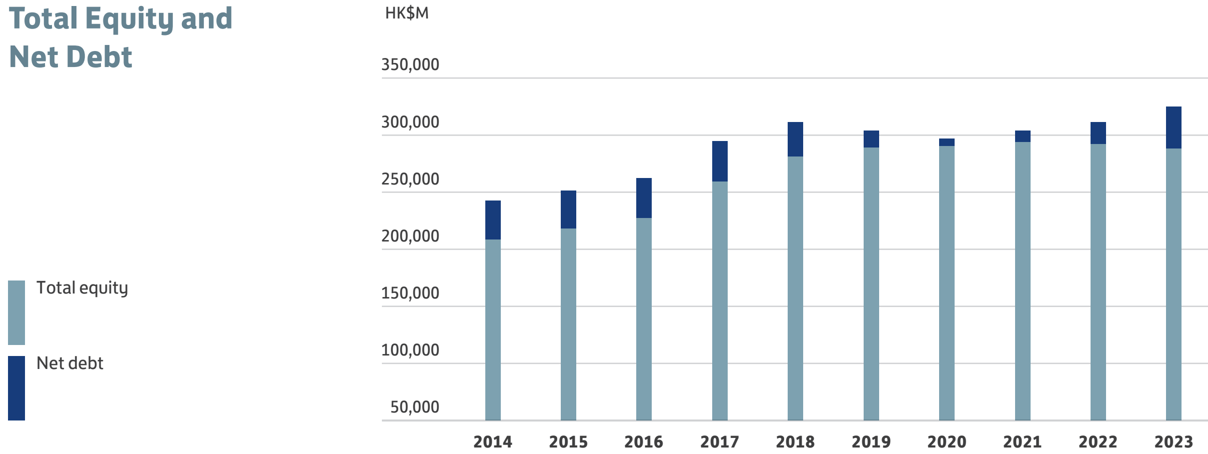
Dividends and Underlying Earnings Per Share



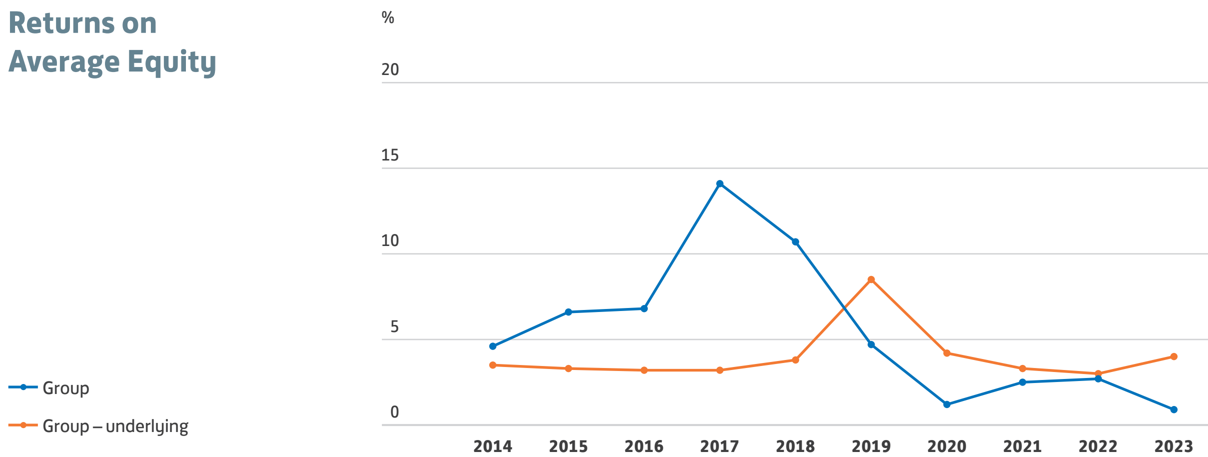
Profit Attributable to The Company's Shareholders



Total Equity and Net Debt



Returns on Average Equity



CHAIRMAN'S STATEMENT

We are encouraged by the post-pandemic recovery that we are seeing across the majority of our key markets. Whilst there are challenges ahead, we remain optimistic and see potential for sustainable growth in 2024 and beyond.

Dear shareholders,

Despite the challenging economic and geopolitical environment, our strategy remains unchanged. In Hong Kong, we will continue to expand and reinforce Taikoo Place and Pacific Place, our core commercial portfolios. In the Chinese Mainland, we will continue to leverage our "Taikoo Li" and "Taikoo Hui" brands to scale up our presence, with a focus on retail-led mixed-use developments in Tier-1 and emerging Tier-1 cities. Our residential trading strategy is to acquire appropriate sites for development of luxury and high quality residential projects across Hong Kong, the Chinese Mainland and South East Asia.

To that end in 2022, the Company announced a plan to invest HK$100 billion over ten years, with a target allocation of HK$30 billion to Hong Kong, HK$50 billion to the Chinese Mainland and HK$20 billion to residential trading projects, including South East Asia. 2023 was a milestone year for Swire Properties. We made significant progress with our HK$100 billion investment plan, with almost 60% of the plan now committed to new and ongoing projects.

Since the reopening of the borders we have seen a steady economic recovery in Hong Kong, thanks to the lifting of all travel restrictions and pandemic measures, and various key initiatives led by the HKSAR Government. We have been pleased to see the gradual return in business and leisure travel, which supports Hong Kong's status as a major international financial centre and tourism hub.

This was a pivotal year for the city's recovery, and we will continue to partner with the HKSAR Government and all our stakeholders to contribute to Hong Kong's long-term prosperity.

The Chinese Mainland remains an important engine of global economic growth. We currently operate six world-class developments in four key cities, and five new large-scale projects are now under construction. We intend to double our gross floor area in the Chinese Mainland by 2032.

We are also making great strides on the ESG front. We are recognised as a leader in sustainability, ranking second globally on the Dow Jones Sustainability World Index in 2023. We are pleased to be helping to put Hong Kong on the world map for innovative sustainability solutions, and we remain committed to our ambitious 1.5°C-aligned science-based targets, and to supporting the wider industry in our collective transition to net zero.

As we look ahead to 2024, we anticipate new challenges, particularly given current macro-economic uncertainties. However, we remain greatly encouraged by our strong performance in 2023, and we are optimistic about the opportunities and the growth potential in the future under our HK$100 billion investment plan.

Profits and Sustained Dividend Growth

Our underlying profit attributable to shareholders increased by HK$2,864 million from HK$8,706 million in 2022 to HK$11,570 million in 2023, primarily reflecting the gain on disposal of nine floors of One Island East in Hong Kong. Our recurring underlying profit increased by HK$109 million from HK$7,176 million in 2022 to HK$7,285 million in 2023, which principally reflected the strong recovery of our retail portfolio and hotels in Hong Kong and the Chinese Mainland.

Our reported profit attributable to shareholders in 2023 was HK$2,637 million, compared with HK$7,980 million in 2022. There was a fair value loss on investment properties of HK$4,401 million in 2023 as compared to a fair value gain on investment properties of HK$1,573 million in 2022. A change in the fair value of investment properties is non-cash in nature and will not have any impact on our operating cash flow nor on our underlying profit attributable to shareholders. Our balance sheet remains strong. The overall financial position of the Company remains healthy and the change is not expected to have any impact on our investment strategy.

We declared a second interim dividend for 2023 of HK$0.72 per share. This, together with the first interim dividend of HK$0.33 per share paid in October 2023, amounts to a full year dividend of HK$1.05 per share, representing a 5% increase over the dividends for 2022. The second interim dividend for 2023 will be paid on Thursday, 2nd May 2024 to shareholders registered at the close of business on the record date, being Friday, 5th April 2024. Shares of the Company will be traded ex-dividend from Tuesday, 2nd April 2024.

Our policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time. With the benefit of our planned investments, we aim to deliver mid-single digit annual growth in dividends.

Expanding our Hong Kong Office Portfolio

Under our HK$100 billion investment plan, HK$30 billion has been allocated to grow our flagship developments in Hong Kong. We are continuing to invest in the development of a Global Business District at Taikoo Place. Our recently completed triple Grade-A office tower, Two Taikoo Place, is now 62% committed.

The latest phase of Taikoo Place's redevelopment will be completed in the first half of 2024, and we will soon be unveiling an expansive, green, open space to promote biodiversity, in addition to new elevated walkways, al fresco dining concepts and year-round arts and cultural events. Taikoo Place is raising the bar once again in line with our placemaking vision, and we are excited to see our plans coming to fruition this year.

In December 2023, we completed the sale of nine floors of office space at One Island East to our anchor tenant, the Securities and Futures Commission ("SFC"), a deal which testifies to Taikoo Place's status as a preferred location for the financial sector.

We will continue to expand Taikoo Place, and our strategic acquisition of the Zung Fu Industrial Building and Wah Ha Factory Building will enable us to develop our masterplan for the district and to continue our office story.

We are also making good progress on scaling our Pacific Place portfolio, as the CBD progressively shifts towards the expanded Admiralty transport hub. To further enhance the connectivity of Pacific Place, we are constructing a new footbridge between Pacific Place and Harcourt Garden, which will be completed by 2025. We have completed Six Pacific Place, our newest Grade-A office tower, and we remain committed to further development of the Pacific Place neighborhood in the future.

Recovery for Hong Kong Retail

We saw a strong recovery in our Hong Kong retail business in 2023, with a significant growth in sales and in some cases, a return to pre-pandemic sales levels. This is an extremely encouraging result after the challenges of the pandemic, and we are optimistic for the year ahead. We believe the HKSAR Government's initiatives to promote Hong Kong's tourism and to boost local consumption, in particular in staging world-class events, will continue to have a positive impact on footfall and sales in our malls in the long run.

We are pleased with our retail recovery despite the challenging conditions, and we attribute the growth to the long-term partnerships with our tenants, which have led to exciting collaborations to create new experiences for our customers. We have also been investing in our loyalty programmes, and our local loyalty membership increased by over 30% in 2023 compared to the previous year. We remain committed to the digital transformation of our business, combining the use of technology with personalised services to reinforce customer loyalty and to provide an exceptional retail experience in our malls.

New Investments in the Chinese Mainland

The Chinese Mainland is an increasingly important market for us, and our mixed-use investments are a key driver of our profit growth. We are continuing to make good progress in building a strong pipeline under the HK$50 billion investment plan which we have earmarked for the Chinese Mainland. Our Taikoo Li and Taikoo Hui branded retail developments are all well-established destinations in their respective cities, and we are expanding our footprint with five new large-scale projects in Tier-1 and emerging Tier-1 cities. We are very pleased to have had the opportunity to complete the acquisition of the remaining interest in Taikoo Li Chengdu, one of our flagship malls in the Chinese Mainland.

In November, we broke ground on Taikoo Li Xi'an, our largest "Taikoo Li" project in the Chinese Mainland to date. This is our first investment in Xi'an, and we have dedicated considerable resources to researching the historical background of this unique site, in order to create a truly world-class cultural landmark in the city.

We are also making good progress on our retail-led development in Haitang Bay, Sanya, which will be our first resort-style shopping mall and a new luxury tourist destination for Hainan.

In Beijing, INDIGO Phase Two, a new commercial landmark in Chaoyang District is under development, and will feature seven office towers in addition to a lifestyle hotel and innovative retail concepts. Our pioneering development of One Taikoo Place and Two Taikoo Place has served as inspiration for the project, and we aim to deliver a high quality, vibrant commercial hub in the capital.

We recently announced two significant investments in Shanghai's Pudong District – a new mixed-use project opposite Taikoo Li Qiantan in the New Bund Area and another large-scale project on the Yangjing waterfront along the Huangpu River. These will be our third and fourth large-scale developments in Shanghai, which is now our largest area of operation in the Chinese Mainland. These two projects also mark our first foray into the premium residential market in the Chinese Mainland.

With Hong Kong as our home base, we have a well-established presence in the Greater Bay Area. We are currently developing a new House Collective hotel in Shenzhen Bay, Nanshan district, and are actively exploring further investment opportunities in the Greater Bay Area.

Our Residential Pipeline

Our HK$100 billion investment plan also includes an allocation of HK$20 billion for the proposed development of our residential pipeline in Hong Kong and South East Asia over the next decade. We have made significant progress over the past year, and have built up an exciting pipeline in Hong Kong. In 2023, in conjunction with our joint venture partners, we launched LA MONTAGNE, a new luxury residential development at The Southside in Wong Chuk Hang.

In South East Asia, we announced our first investment in the residential market in Bangkok in early 2023, to develop a prime site at one of the city's most prestigious addresses. In addition to three projects currently under development in Ho Chi Minh City, Vietnam and in Jakarta, Indonesia, we are exploring new residential opportunities in Singapore.

Leadership in ESG & Community Investment

ESG and sustainable development remain at the top of our agenda, and we are collaborating closely with our stakeholders and setting ambitious targets across the business. We have received international recognition for our achievements, and we continue to explore new solutions to improve our business and to support the wider industry.

In 2023, we became the first Hong Kong corporate to issue a public "dim sum" green bond of RMB3.2 billion to fund eligible projects. The proceeds from these bonds will enable us to develop projects with the highest green credentials, and in the long term, pave the way for Swire Properties to pioneer new ground in sustainability.

Over the past year, we have also piloted the adoption of an internal carbon pricing ("ICP") mechanism. This innovative approach will help determine the potential impact of carbon emissions from our investments and quantify carbon risks to our operations, allowing us to reallocate capital to low-carbon investments.

We remain fully invested in working with local communities. Our colleagues, their friends and families are at the heart of Swire Properties' Community Ambassador Programme, and they continue to demonstrate commitment and passion for giving back to our communities.

Youth empowerment is also a core focus of our community care, and we have been active in developing and sponsoring various initiatives to provide opportunities for young people in Hong Kong.

As Hong Kong recovers in the wake of the pandemic, we are working closely with the HKSAR Government and our partners to boost the local economy with special community initiatives. In 2023, these included the Summer Festival at the new Quarryside community space, as well as our annual White Christmas Street Fair, which was extended over two weekends with longer opening hours for the public. We hope these efforts will continue to provide a platform for homegrown businesses whilst supporting the city's economic recovery.

Outlook

We are encouraged by the post-pandemic recovery that we are seeing across the majority of our key markets. Whilst there are challenges ahead, we remain optimistic and see potential for sustainable growth in 2024 and beyond.

We will continue to focus on realising our HK$100 billion investment plan and on delivering our pipeline of mixed-use and residential projects across our core markets in Hong Kong, the Chinese Mainland and South East Asia. We see long-term potential for these markets, and we will continue to seek new investment opportunities in the future.

I should like to express my appreciation to our shareholders, our valued partners and to the wider community for your continued support. Most of all, thanks must go to the team at Swire Properties for their exceptional work and dedication this past year.

Guy Bradley
Chairman
Hong Kong, 14th March 2024

CHIEF EXECUTIVE'S STATEMENT

We continue to make very good progress on our HK$100 billion investment plan, with almost 60% of the plan now committed to new projects to drive our long-term growth in all our key markets.

Dear shareholders,

We are encouraged by the recovery we have seen across several of our key businesses in 2023, following the lifting of pandemic-related restrictions. Despite macro-economic and geopolitical uncertainties, we remain optimistic for our business in the year ahead.

As the Chairman has outlined, we continue to make very good progress on our HK$100 billion investment plan, with almost 60% of the plan now committed to new projects to drive our long-term growth in all our key markets.

Looking forward to 2024, we are advancing our ambitious plans for Taikoo Place in Hong Kong as it continues its transformation into a Global Business District. In the Chinese Mainland, our retail developments are landmarks in their respective cities, and we are making good headway with several new projects in the pipeline, including Taikoo Li Xi'an, our retail complex in Sanya, two major mixed-use developments in Shanghai and INDIGO Phase Two in Beijing.

We remain committed to achieving our SD 2030 goals. We are participating in pioneering global initiatives to mitigate climate and nature risks, and piloting new sustainability solutions across all our portfolios. We will continue to work closely with our business partners to advance our SD agenda, as we work towards our long term goal of net zero emissions by 2050. We are also accelerating the digital transformation of our business, and embracing new technologies to keep pace with market developments.

2023 Financial Results at a Glance

Our underlying profit increased by HK$2,864 million from HK$8,706 million in 2022 to HK$11,570 million in 2023, which mainly reflected the gain on the disposal of nine floors of One Island East in Hong Kong. Recurring underlying profit was HK$7,285 million in 2023, compared with HK$7,176 million in 2022.

Our recurring underlying profit from property investment increased in 2023, due primarily to higher retail rental income from Hong Kong and the Chinese Mainland, and partly offset by lower office rental income from Hong Kong.

Our Hong Kong retail portfolio has recovered remarkably well, with an improvement in consumer sentiment, thanks to the lifting of all travel restrictions and pandemic related control measures. Our investment in marketing and loyalty initiatives, together with digitally-advanced campaigns to interact with customers, have all contributed to significant business recovery in our malls in Hong Kong during the year. Sales have improved and returned to pre-pandemic levels in some of our malls.

In Hong Kong, the office market remains weak, given increased availability (due to vacancy and new supply), and demand for office space remains subdued, reflecting continued economic uncertainty and the high interest rate environment. Nevertheless, our office portfolio has remained resilient with solid occupancy, due to the high sustainability standards of our office buildings. Leasing activity has picked up since the reopening of the borders, with increased requests for viewings.

In the Chinese Mainland, foot traffic has improved significantly and retail sales have exceeded pre-pandemic levels for most of our malls since pandemic-related restrictions were lifted. Our office portfolio has proven to be resilient despite a weak office market.

We recorded a small underlying loss from our property trading activities in 2023 as a result of sales and marketing expenses incurred for several residential trading projects.

Our hotel business in Hong Kong and the Chinese Mainland recovered strongly following the lifting of travel restrictions and the reopening of the borders.

Our Future Prospects

We have been encouraged by the strong recovery of our malls in Hong Kong, and we expect that footfall and tenants' sales will continue to improve despite economic uncertainties and a volatile stock market. With our strong marketing campaigns and attractive loyalty programme initiatives, we anticipate that the sales momentum will continue in 2024.

The office market in Hong Kong is expected to remain subdued in 2024, on the back of weak demand and increased availability. Increasing competition from Central and Kowloon East will continue to exert downward pressure on rents across our portfolio. However we expect our office spaces, with their industry-leading ESG certifications and excellent amenity provisions, will continue to benefit from the 'flight-to-quality' trend.

Assuming improvements in the financial markets, and an increase in economic activity, we expect the demand for Grade-A office space, particularly from financial institutions and professional services companies, to recover.

We will reach a major milestone this year with the completion of the current redevelopment phase of Taikoo Place. Our new Taikoo Square will be a unique showcase of urban biodiversity, alongside increased connectivity via our new elevated walkways, and outdoor dining amenities to serve our vibrant office community in Quarry Bay. In Admiralty, we have completed Six Pacific Place, which has a commitment rate of approximately 40%, and we obtained the occupation permit for the tower in February 2024.

In the Chinese Mainland, sales figures strongly exceeded pre-pandemic levels across most of our malls. In the wake of this robust recovery, we expect 2024 to be a year of market stabilisation, and we continue to hold a positive outlook in the medium to long term. We are encouraged by the current trends in consumer spending and domestic travel, and expect to see a further boost in the year ahead.

We are excited to be establishing a presence in two important cities in the Chinese Mainland – Xi'an, the ancient capital of China with immense historical and economic significance; and Sanya, which is emerging as one of the most popular domestic travel retail destinations in the country. We have also significantly expanded our footprint in Shanghai with two new large-scale, mixed-use developments in the city's Pudong New Area. With four projects now in operation and under development across Shanghai, we are pleased to be launching our premium residential brand in the city while opening up the Chinese Mainland market for further opportunities.

We also hold a positive outlook on the long-term prospects for the Greater Bay Area, which is experiencing significant development momentum. We are actively exploring new opportunities in Shenzhen, with plans for a new, ultra-luxury hotel under The House Collective brand, and we have signed a Strategic Framework Cooperation Agreement with the Futian District Government to explore new prospects.

Looking at residential opportunities, the Hong Kong market remains soft amidst economic uncertainties, and we expect that market confidence may take some time to recover. However, we anticipate demand to remain resilient in the medium to long term, due to local demand and limited supply. We launched our newest project on Hong Kong Island, LA MONTAGNE with our joint venture partners in 2023, and 52 units have been sold to date.

We are also actively looking to expand our residential portfolio in South East Asia under our HK$100 billion plan. We are focused on the four major cities of Jakarta in Indonesia, Ho Chi Minh City in Vietnam, Bangkok in Thailand and Singapore, and expect these markets to remain stable in 2024, due to increased urbanisation and a limited supply of luxury residential properties.

We expect the performance of our hotels in Hong Kong and the Chinese Mainland to continue to improve with more international visitors in 2024. In September, we were delighted to have The Upper House ranked fourth on The World's 50 Best Hotels list, a remarkable achievement for Swire Hotels.

We are moving forward with the next phase of growth for The House Collective and EAST brands, with several exciting projects in the pipeline, including The House Collective hotels in Tokyo, Shenzhen and Xi'an. We have also been making good progress with our asset-light, third-party management model as we explore potential new sites with suitable partners.

Collective Measures Towards Net Zero

We continue to focus on our pioneering sustainability work and our commitment to building vibrant communities, in order to realise our vision to be the leading performer in our industry globally by 2030.

As an industry leader, we are taking a holistic approach to mitigating climate-related risk, and reducing our carbon footprint. We continue to invest in innovative solutions for our future, and our achievements are being recognised locally, regionally and globally, including our number two ranking in the Dow Jones Sustainability World Index 2023. We are also pioneering new ground as an early adopter of the Taskforce on Nature-related Financial Disclosures ("TNFD"). As the only Hong Kong representative of the 40-member Taskforce on TNFD, we are proud to have supported the creation of this pioneering disclosure framework, which will help companies to integrate nature-related considerations into their investment decisions and business operations.

Our work continues, and we are on track to achieve our ambitious 1.5°C-aligned science-based targets. We remain focused on collaborating closely with our business partners through various programmes to meet shared sustainability goals. These include the Green Kitchen Initiative for F&B tenants in our retail portfolios, and our proprietary Green Performance Pledge ("GPP") programme for office tenants. Both programmes have received a strong positive response from our tenants, achieving significant results in energy savings, improved water efficiency and water diversion rates. In 2023 we launched the "GPP Academy", a three-year collaboration with the Hong Kong Business Environment Council ("BEC") which will enable our office tenants to share industry knowledge and best practices to improve their sustainability capabilities.

We also became the first real estate company in Hong Kong and the Chinese Mainland to launch a supply chain sustainability engagement programme, in partnership with EcoVadis. Through this collaboration, we are empowering our suppliers to improve their own ESG performance and increase resilience, working collectively towards the global net zero goal.

Taikoo Place: Sustainability in Action

Now more than ever, it is crucial that we, as an industry, take steps to minimise our impact on the environment. The redevelopment of Taikoo Place has been a showcase of our work in sustainable building development, and the next phase of this project will highlight our extensive work in biophilic design.

Together with the Taikoo Garden, the new Taikoo Square will span approximately 69,000 square feet of green open space, which has been carefully cultivated to improve local biodiversity with over 100 mostly native plant species. We are excited to open this new garden to the public, and hope that it will act as a catalyst to inspire others in the industry to integrate a nature-oriented mindset in their urban planning.

Supporting our Local Communities

We are committed to creating a positive impact across our business. 2023 was another remarkable year for our Community Ambassadors, who have expanded their community work to focus on wellness for patients and their caregivers. In October, the team partnered with medical experts at Hong Kong University Stroke to host the "Together We Care for Stroke" exhibition at Cityplaza, which helped to raise awareness of stroke prevention and provided free health check-ups for the public. They also launched the one-year "Care for our Carers" project in collaboration with the YWCA, to provide much-needed support to caregivers. These are just some of the important initiatives which the team has hosted this year. We are immensely proud of all their efforts.

The launch of Quarryside in 2023 has also had a catalytic effect on the Quarry Bay community. The new space has rapidly become a vibrant community hub, with over 200 events hosted since its opening in July 2023. Looking ahead, we hope to further utilise the space for more community-led events in the district.

Empowering youth remains a key priority for our community work. In 2023 we continued the Swire Properties Placemaking Academy ("SPPA"), which saw 10 university students design our White Christmas Street Fair under the mentorship of leading industry figures and our own senior management team. We also launched the inaugural Placemaking Academy Junior Programme for secondary students, a collaboration with the E-League of the Eastern District Office of the Home Affairs Department.

The past year also saw the successful conclusion of the two-year "Bi-city Youth Cultural Leadership Programme", our long-term partnership with The Hong Kong Palace Museum, which has helped to foster closer ties and cultural exchange between students in Hong Kong and Beijing.

Outlook

With our strong financial position and robust pipeline of new projects, we are confident in our outlook for 2024. This is an exciting period for our business, and we will continue to make strides with our investment strategy as we grow our presence in our core markets of Hong Kong, the Chinese Mainland and South East Asia.

We look forward to reaching major milestones in the year ahead, including the unveiling of the next phase in the redevelopment of our Taikoo Place as a Global Business District.

Our achievements this year would not have been possible without the inspiring efforts of our colleagues. They remain critical to realising our SD 2030 targets and to our overall success. Looking ahead to 2024 and beyond, we will continue to prioritise our people, with new initiatives including training and development opportunities to support them as we enter a new phase of growth for our business. I would like to thank our talented team at Swire Properties for making this a memorable year, as well as our shareholders, partners and the community for your ongoing support.

Tim Blackburn
Chief Executive
Hong Kong, 14th March 2024

KEY BUSINESS STRATEGIES

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.

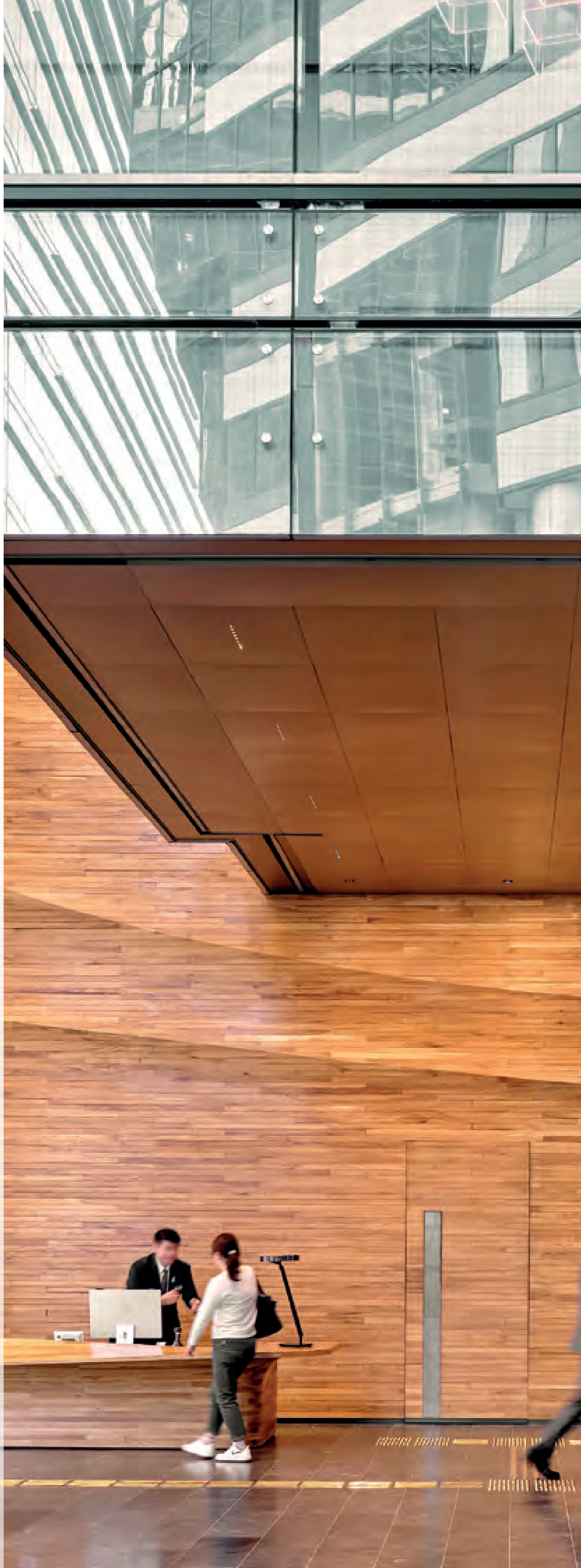
5. Manage our capital base conservatively

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.

MANAGEMENT DISCUSSION & ANALYSIS



TWO TAIKOO PLACE, HONG KONG

REVIEW OF OPERATIONS

	2023 HK$M	2022 HK$M
Revenue		
Gross Rental Income derived from		
Office	**5,835**	6,003
Retail	**7,143**	5,849
Residential	**430**	374
Other Revenue [(1)]	**117**	114
Property Investment	**13,525**	12,340
Property Trading	**166**	921
Hotels	**979**	565
Total Revenue	**14,670**	13,826
Operating Profit/(Losses) derived from		
Property investment		
From operations	**8,261**	7,702
Sale of interests in investment properties	**(60)**	571
Fair value (losses)/gains in respect of investment properties	**(2,829)**	801
Property trading	**(89)**	209
Hotels	**(103)**	(259)
Total Operating Profit	**5,180**	9,024
Share of Post-tax (Losses)/Profit from Joint Venture and Associated Companies	**(292)**	1,455
Profit Attributable to the Company's Shareholders	**2,637**	7,980

(1) Other revenue is mainly estate management fees.

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 fair value 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 Hong Kong and the Chinese Mainland, the Group's investment properties recorded fair value losses of HK$3,638 million and HK$920 million respectively in 2023. In the U.S.A., investment properties recorded fair value gain of HK$166 million. There are further adjustments 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 and remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit.

Underlying Profit Reconciliation	Note	2023 HK$M	2022 HK$M
Profit Attributable to the Company's Shareholders per Financial Statements		**2,637**	7,980
Adjustments in respect of investment properties:			
Fair value losses/(gains) in respect of investment properties	*(a)*	**4,392**	(1,726)
Deferred tax on investment properties	*(b)*	**461**	1,402
Fair value gains realised on sale of interests in investment properties	*(c)*	**4,398**	915
Depreciation of investment properties occupied by the Group	*(d)*	**22**	22
Non-controlling interests' share of fair value movements less deferred tax		**8**	144
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)*	**39**	49
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	*(f)*	**(306)**	–
Less amortisation of right-of-use assets reported under investment properties	*(g)*	**(81)**	(80)
Underlying Profit Attributable to the Company's Shareholders		**11,570**	8,706
Profit from divestment		**(4,285)**	(1,530)
Recurring Underlying Profit Attributable to the Company's Shareholders		**7,285**	7,176

Notes:

(a) This represents the fair value movements as shown in the Group's consolidated statement of profit or loss and the Group's share of fair value movements of joint venture and associated 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 and associated companies. These comprise deferred tax on fair value 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 fair value 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.

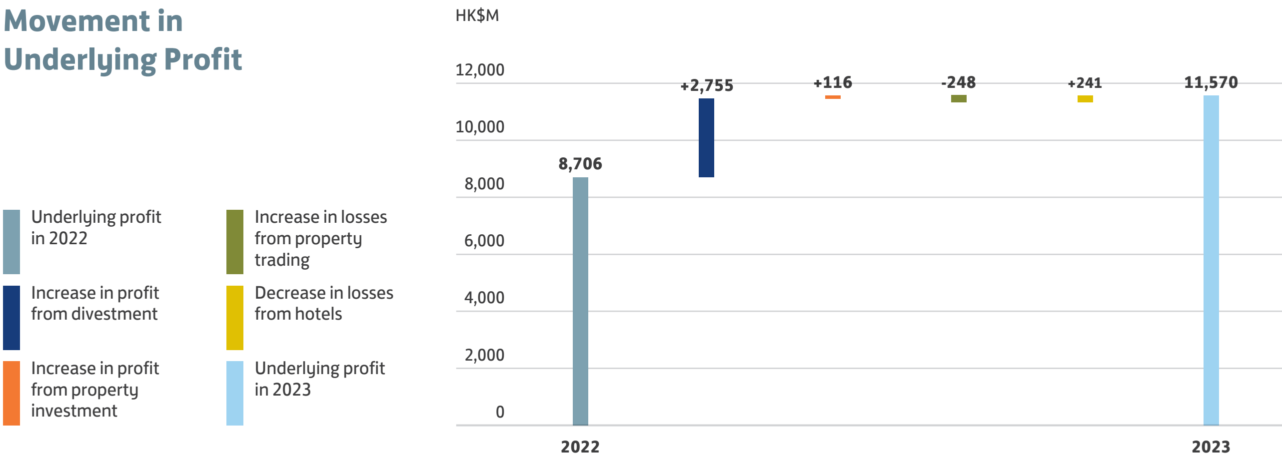
(e) The value of the put option in favour of the owner of a non-controlling interest is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the non-controlling interest is interested.

(f) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.

(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 2023 was HK$2,637 million, compared to a profit of HK$7,980 million in 2022. There was a fair value loss on investment properties (after deducting non-controlling interests) of HK$4,401 million in 2023, compared with a fair value gain on investment properties (after deducting non-controlling interests) of HK$1,573 million in 2022, principally due to the decrease in the fair value gain on the retail investment properties in the Chinese Mainland and the fair value loss on the investment properties under development (as opposed to a fair value gain for 2022).

Underlying profit attributable to shareholders (which principally adjusts for changes in fair value of investment properties) increased by HK$2,864 million from HK$8,706 million in 2022 to HK$11,570 million in 2023. The increase principally reflected the profit on disposal of certain office floors in Hong Kong.

Recurring underlying profit (which excludes the profit from divestment) was HK$7,285 million in 2023, compared with HK$7,176 million in 2022.

Recurring underlying profit from property investment increased in 2023. This mainly reflected higher retail rental income from Hong Kong and the Chinese Mainland, partly offset by lower office rental income from Hong Kong.

In Hong Kong, the retail portfolio has significantly recovered, following the lifting of all travel restrictions and pandemic related control measures, together with the investment in marketing, digital and loyalty initiatives. Despite a weak office market (reflecting subdued demand and increased supply), the office portfolio in Hong Kong has proved to be resilient with solid occupancy, as a result of the high sustainability standards of the office buildings.

In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for most of our malls, after the COVID-19 associated restrictions were lifted.

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

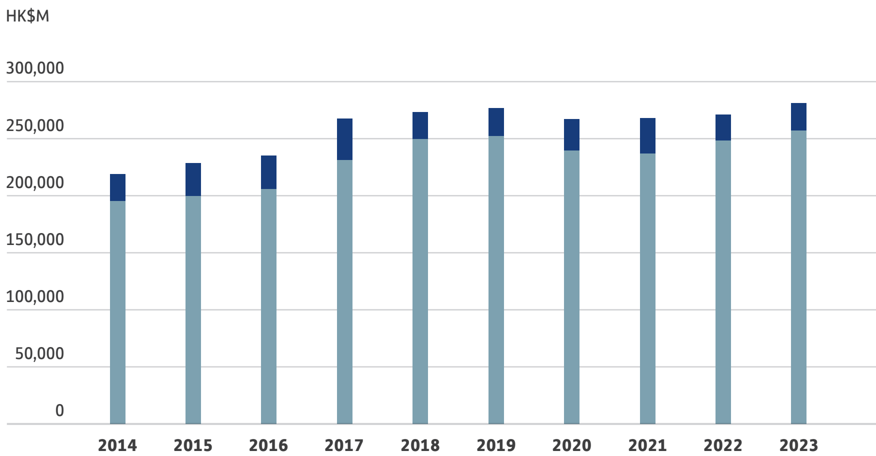
The small underlying loss from property trading in 2023 was primarily a result of sales and marketing expenses incurred for several residential trading projects.

The hotel businesses in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 measures and the full reopening of the border. There was solid performance in the U.S.A. hotels.

Valuation of Investment Properties

Completed

Under development



Gross Rental Income (After Deduction of Rental Concessions)

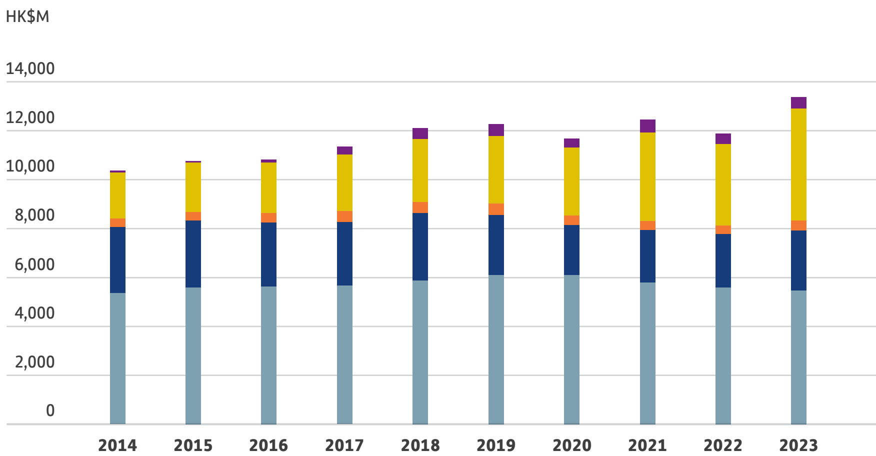
Hong Kong office

Chinese Mainland

Hong Kong retail

U.S.A. and elsewhere

Hong Kong residential



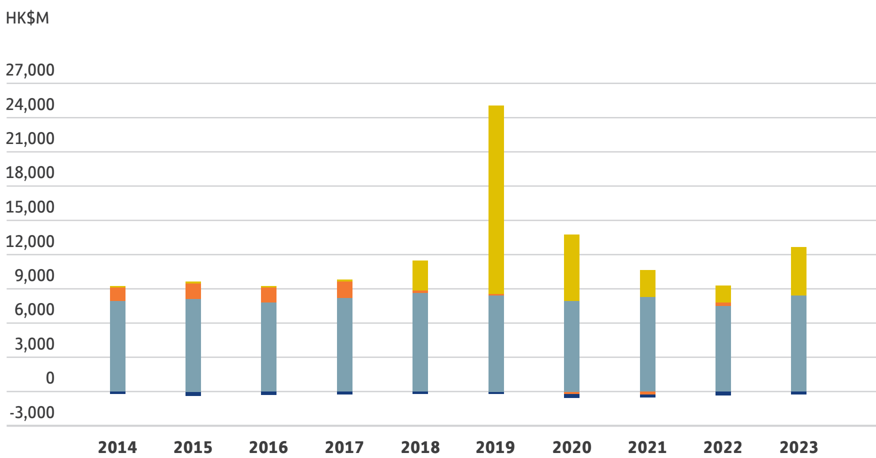
Underlying Operating Profit

Property investment

Hotels

Property trading

Divestment

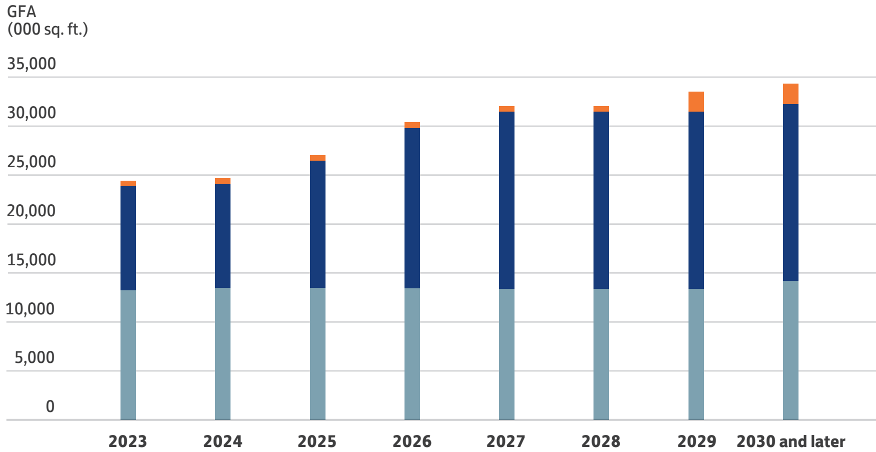


Attributable Completed Investment Property and Hotel Portfolio by Location

Hong Kong

Chinese Mainland

U.S.A.



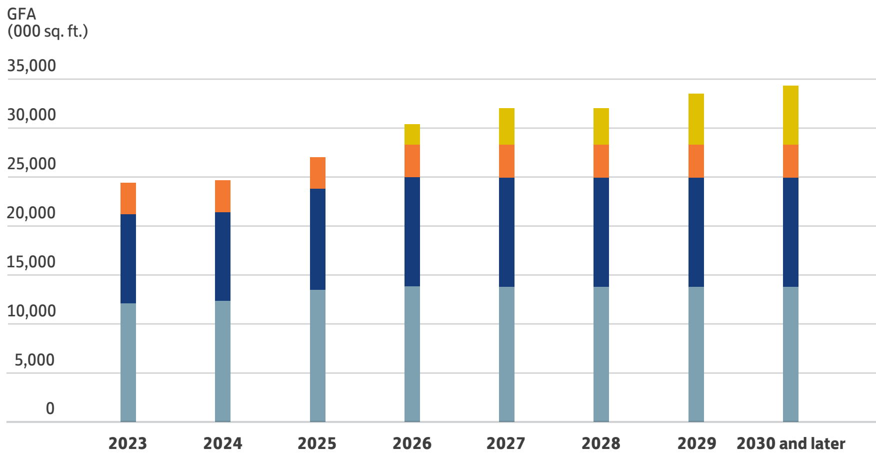
Attributable Completed Investment Property and Hotel Portfolio by Type

Office

Retail

Hotels/Residential/ Serviced apartments

Under planning



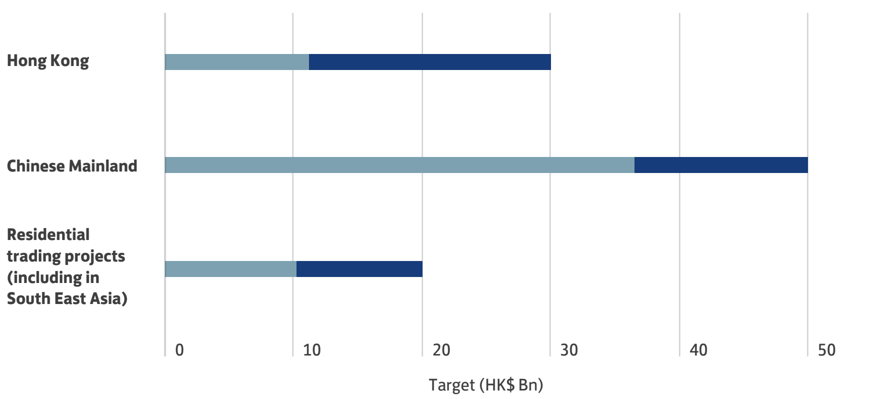
HK$100 Billion Investment Plan

Committed

Remaining target

Commitment for new projects

58% COMMITTED



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 8th March 2024 approximately HK$58 billion of the planned investments had been committed (HK$11 billion to Hong Kong, HK$37 billion to the Chinese Mainland and HK$10 billion to residential trading projects). Major committed projects are residential developments at Chai Wan Inland Lot No. 178, at 269 Queen's Road East, at 983-987A King's Road and 16-94 Pan Hoi Street in Hong Kong, and at Wireless Road in Bangkok, a retail-led mixed-use development in Xi'an, a retail-led development in Sanya, mixed-use developments in the Yangjing and New Bund in Shanghai, office and other commercial use developments at 8 Shipyard Lane and at 1067 King's Road in Hong Kong. Uncommitted projects include further retail-led mixed-use projects in Tier 1 and emerging Tier 1 cities in the Chinese Mainland, including Guangzhou and Beijing, with a plan to double our gross floor area in the Chinese Mainland, further expansion at Pacific Place and Taikoo Place in Hong Kong as well as further residential trading projects in Hong Kong, the Chinese Mainland, Miami and South East Asia.

Key Developments

In December 2022, the Group entered into three conditional agreements with the Sino-Ocean group to acquire further interests in Taikoo Li Chengdu (formerly known as Sino-Ocean Taikoo Li Chengdu). Under the first agreement (which was completed in December 2022), the Group's interest in 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 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 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 on Wireless Road 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 use with a site area of approximately 136,000 square feet.

In June 2023, the Group announced plans to develop a luxury residential and hospitality project in Miami, which will include the redevelopment of the existing Mandarin Oriental Miami hotel. The project, which has been branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers at the southernmost point of Brickell Key. The first tower will comprise luxury private residences managed by Mandarin Oriental. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales reservations were launched in December 2023.

In July 2023, the Group obtained full ownership of Wah Ha Factory Building in Quarry Bay, Hong Kong. Together with the adjacent wholly-owned Zung Fu Industrial Building, the two sites are intended to be redeveloped for office and other commercial uses.

In July 2023, a joint venture company in which the Group holds a 25% interest started the pre-sales of LA MONTAGNE, a residential development in Wong Chuk Hang, Hong Kong. Superstructure works of the development are in progress.

In September 2023, the Group successfully bid and entered into equity transfer agreements to acquire a 40% equity interest in each of the Shanghai Yangjing Mixed-use Project and the Shanghai New Bund Mixed-use Project, from Shanghai Lujiazui Group Co., Ltd and Shanghai Qiantan International Commercial Area Investment Group Co., Ltd ("Lujiazui Group"), respectively. The consideration was RMB6,594 million for the Shanghai Yangjing Mixed-use Project and RMB3,116 million for the Shanghai New Bund Mixed-use Project. The two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. The Yangjing and New Bund projects have an expected gross floor area of approximately 4,200,000 and 4,100,000 square feet respectively. The transactions were completed in November 2023.

In October 2023, a joint venture company in which the Group holds a 50% interest obtained full ownership of the sites in 983-987A King's Road and 16-94 Pan Hoi Street in Quarry Bay. The sites are intended to be redeveloped for residential and retail uses.

In November 2023, the Group entered into agreements for the sale of twelve office floors (42nd to 54th floors excluding the 49th floor) at One Island East in Quarry Bay, Hong Kong to the Securities and Futures Commission ("SFC") for a total consideration of HK$5.4 billion. The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December 2027 and not later than 31st December 2028. The total GFA of the twelve floors is approximately 300,000 square feet.

In February 2024, the Group obtained the occupation permit for Six Pacific Place. Six Pacific Place, the newest addition to Pacific Place, is an office tower with an aggregate GFA of approximately 223,000 square feet.

Portfolio Overview

The aggregate gross floor area ("GFA") attributable to the Group at 31st December 2023 was approximately 39.1 million square feet.

Of the aggregate GFA attributable to the Group, approximately 34.4 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 24.4 million square feet and investment properties under development or held for future development of approximately 10.0 million square feet. In Hong Kong, the investment property and hotel portfolio comprise approximately 14.2 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 ten major commercial developments in prime locations in Beijing, Guangzhou, Chengdu, Shanghai, Xi'an and Sanya. These developments are expected to comprise approximately 18.1 million square feet of attributable GFA when they are all completed. Of this, 10.6 million square feet has already been completed. Outside of 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 2023.

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	9.2	2.6	0.8	0.6	–	**13.2**
Chinese Mainland	2.9	6.2	1.3	0.2	–	**10.6**
U.S.A.	–	0.3	0.3	–	–	**0.6**
Total	**12.1**	**9.1**	**2.4**	**0.8**	**–**	**24.4**

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	–	–	–	0.8	**1.0**
Chinese Mainland	1.6	2.1	0.1	–	3.7	**7.5**
U.S.A.	–	–	–	–	1.5[2]	**1.5**
Total	**1.8**	**2.1**	**0.1**	**–**	**6.0**	**10.0**

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	**13.9**	**11.2**	**2.5**	**0.8**	**6.0**	**34.4**

(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 nine residential projects under development, four in Hong Kong, two in the Chinese Mainland, one in Indonesia, one in Vietnam and one in Thailand. There is also a plan to develop a residential project on part of our 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 2023.

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	1.1	**1.1**
Chinese Mainland	–	0.5	**0.5**
U.S.A. and elsewhere	0.0	3.1	**3.1**
Total	**0.0**	**4.7**	**4.7**

(1) Completed development in Hong Kong comprises EIGHT STAR STREET and completed development in U.S.A. and elsewhere comprises The River in Vietnam.

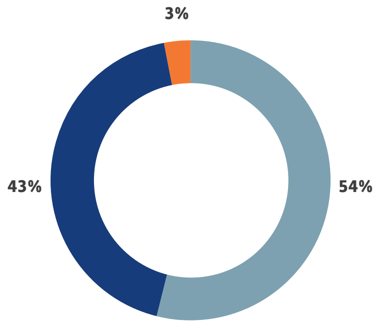
The charts below show the analysis of the Group's completed investment properties GFA (excluding hotels), gross rental income and net assets employed by region on an attributable basis.

Completed Investment Properties GFA (Excl. Hotels)

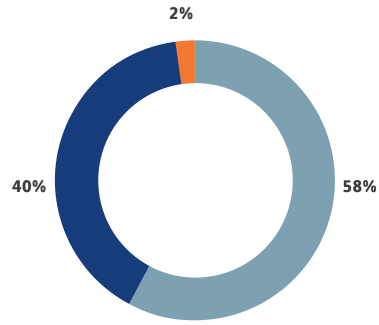
Hong Kong

Chinese Mainland

U.S.A.



31st December 2023



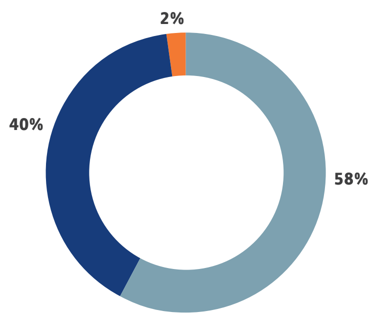
31st December 2022

Attributable Gross Rental Income

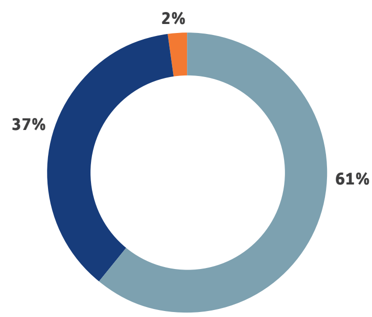
Hong Kong

Chinese Mainland

U.S.A.



Year ended 31st December 2023



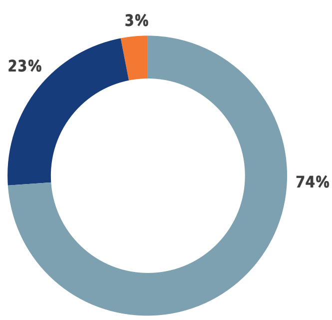
Year ended 31st December 2022

Net Assets Employed

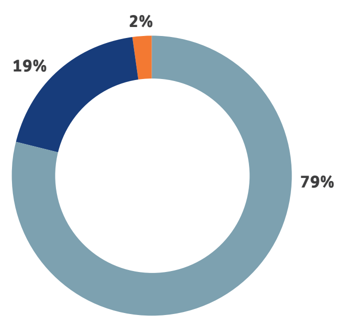
Hong Kong

Chinese Mainland

U.S.A. and elsewhere



31st December 2023



31st December 2022

Investment Properties – Hong Kong

Offices

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 9.8 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK$5,772 million in 2023. At 31st December 2023, our office properties, completed and under development, in Hong Kong were valued at HK$181,947 million. Of this amount, the Company's attributable interest was HK$172,469 million.

Hong Kong Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2023)	Attributable Interest
Pacific Place	2,186,433	98%	100%
Taikoo Place – One Island East [(1)] and One Taikoo Place	2,322,772	93%	100%
Taikoo Place – Two Taikoo Place	994,545	62%	100%
Taikoo Place – Other Office Towers [(2)]	3,122,431	90%	50%/100%
Others [(3)]	1,158,595	86%	26.67%/50%/100%
Total	**9,784,776**		

(1) Excluding the 45th to 54th floors (except for the 49th floor) disposed of.

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

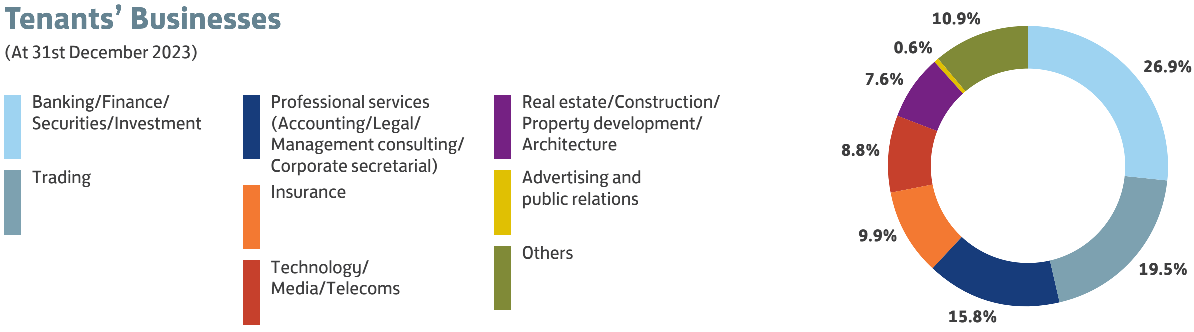
(3) Others comprise One Citygate (26.67% owned), Berkshire House (50% owned), SPACES.8QRE (wholly-owned), Five Pacific Place (wholly-owned and formerly known as 28 Hennessy Road) and South Island Place (50% owned).

Gross rental income from the Hong Kong office portfolio in 2023 was HK$5,466 million, 2% lower than in 2022. Demand remained subdued reflecting continued economic uncertainty and the high interest rate environment. Office rental remained under pressure given increased availability (due to vacancy and new supply). However, our office portfolio was resilient. Leasing activity has picked up since the reopening of the border, with increased inspections. We continue to leverage on our placemaking attributes including health and wellness, amenity provision and our ESG credentials. At 31st December 2023, the office portfolio was 89% let. Excluding Two Taikoo Place (which was completed in September 2022), the office portfolio was 93% 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 2023.

Office Area by Tenants' Businesses

(At 31st December 2023)



PACIFIC PLACE

HONG KONG

At 31st December 2023, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2023) 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 2023. These offices were 98% let at 31st December 2023. Standard Chartered Bank, ABN Amro, Hong Kong Investment Corporation, FWD Life Insurance, TF International Securities, Edrington, Asia Energy Logistics Group, Global Energy Corporation and Stat Lab became tenants. CITIC Securities and NH Investment Securities leased more spaces. Sino-Ocean, Guosen Securities, Jason Pow Chambers, Poly Auction, Weihong Investment, Industrial Bank of Korea, Parkside Chambers, CTI Capital, Volant Trading and CDB Aviation renewed their leases. SAIF and Fidelity confirmed their relocation within the same portfolio upon the lease expiry.

At Six Pacific Place, tenants have committed (including by way of letters of intent) to take approximately 40% of the space at 31st December 2023. Occupation permit has been obtained in February 2024. Sotheby's, Pinebridge, British-American Tobacco and Maison Kayser agreed to lease spaces.

Taikoo Place

The performance of One Taikoo Place and One Island East (excluding the nine floors disposed of) at Taikoo Place was resilient. These two offices towers were 98% and 89% let respectively at 31st December 2023. In One Island East, CITIC Securities, Freshfields, SK hynix, Tiffany & Co., Viatris and Zurich renewed their leases. Meanwhile in One Taikoo Place, Spitalfields and Stephenson Harwood became tenants, and RPC relocated within the same building.

Two Taikoo Place was 62% leased. Accounting and Financial Reporting Council, Neo Derm and Sumitomo Mitsui Banking Corporation became tenants.

There are six other office towers at Taikoo Place (including PCCW Tower, in which we have a 50% interest). These offices were 90% let at 31st December 2023. Azeus Systems, China Road & Bridge Corporation, EC Healthcare, GO24, GP Asset Settlement Services, Radiance Sea, AXA XL Insurance and YNBY Hong Kong became tenants. AlphaSights, DFI Retail Group, and FWD leased more space, while Dr. Steven Chung, Mars, and Zuellig Pharma relocated within the same portfolio. ANZ, Balenciaga, Baxter, Boston Scientific Hong Kong, Canali, China Airlines, Coca-Cola China, Crestron, Dell, ELEVATE, Excellent Management, Extrawell Pharmaceutical, Gucci, JobsDB, McDonald's, Mox Bank, NetApp, Priority Pass, RGA Reinsurance Company, Vodafone, Western Digital and Wong & Ouyang (HK) renewed their leases.

South Island Place

The offices were 88% let at 31st December 2023. Tenants include KPMG, Fleet Management Limited, the Competition Commission and SCMP. The Group has a 50% interest in the development.

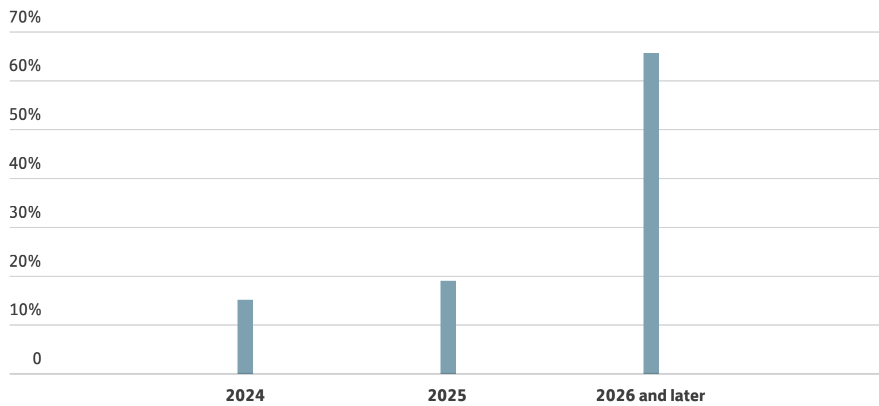
Hong Kong Office Market Outlook

The office market in Hong Kong is expected to remain subdued in 2024, on the back of weak demand and increased availability. Increasing competition from Central and Kowloon East will continue to exert downward pressure on rents across the portfolio. The 'flight-to-quality' trend is expected to benefit the Group, as prospective tenants upgrade their offices and place a higher value on sustainability as well as the health and wellness of their workforce. Assuming improvements in the financial markets, stabilisation of interest rate and an increase in economic activity, the demand for Grade-A office space, particularly from financial institutions and professional services companies, should recover.

The following chart shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 31st December 2023, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 15.2% of the attributable gross rental income in the month of December 2023 are due to expire in 2024, with tenancies accounting for a further 19.1% of such rental income due to expire in 2025.

Office Lease Expiry Profile

(At 31st December 2023)



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 grew by 14%, to HK$2,638 million in 2023. Disregarding rental concessions, total attributable gross rental income increased by 6%. At 31st December 2023, our retail properties in Hong Kong were valued at HK$53,214 million. Of this amount, the Group's attributable interest was HK$44,250 million.

The portfolio principally consists of The Mall at Pacific Place, Cityplaza at Taikoo Shing and Citygate Outlets at Tung Chung. The Group wholly owns The Mall and Cityplaza, and has 26.67% interest in the Citygate development (comprising Citygate Outlets). The malls are managed by the Group.

Hong Kong Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2023)	Attributable Interest
The Mall, Pacific Place	711,182	96%	100%
Cityplaza	1,096,898	100%	100%
Citygate Outlets	803,582	100%	26.67%
Others [(1)]	549,558	100%	26.67%/60%/100%
Total	**3,161,220**		

(1) 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 (26.67% owned).

Gross rental income from the retail portfolio in Hong Kong was HK$2,453 million in 2023, a 13% increase from 2022. Disregarding rental concessions, gross rental income increased by 5%. Following the lifting of all travel restrictions and COVID-19 related measures, and with the investment in marketing, digital and loyalty initiatives, the Hong Kong retail portfolio has recovered significantly in 2023. Sales have returned to pre-pandemic levels in some of our malls. There are still factors such as a strong US currency, a rebound in outbound travel and a high interest rate environment which might affect local consumptions.

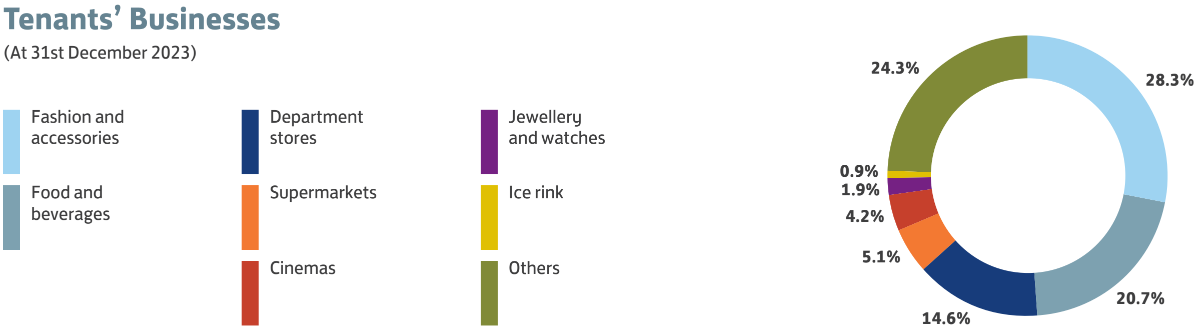
However, we remain confident that the sales momentum in Hong Kong retail business will continue in 2024. Retail sales in 2023 increased by 44% at The Mall, Pacific Place, by 43% at Citygate Outlets, and by 6% at Cityplaza. Retail sales in Hong Kong as a whole increased by 16% in 2023.

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 2023.

Retail Area by Tenants' Businesses

(At 31st December 2023)



CITYPLAZA
HONG KONG

At 31st December 2023, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2023) together occupied approximately 26% 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 a more competitive retail environment, enhancement to the retail tenant mix continued. New and experiential retail brands were introduced. Aigle, Amante, APM Monaco, Blancpain, Boutique by The Grand, Fleuria, Maje and Simply Toys became tenants. Louis Vuitton and Tiffany & Co. had expansion. The premises occupied by Apinara Thai Cuisine and Bar, Balmain Paris, Brooks Brothers, Caviar House, JOYCE Beauty, MAX&Co. and Theory 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.

Cityplaza was fully let throughout 2023 despite the retail market continued to be competitive due to the increasing outbound travel. New tenants were introduced including Champion, Clarins, Clémence by RUE MADAME, COMEBUYTEA, Fresh, La Famille, LeSportsac, Lovisa, Mellow Brown Coffee by UCC, Pop Mart, Tea WG, Tian Tian Authentic and THE MATCHA TOKYO. Carnival, the new food hall and Sushi Taka, a Japanese restaurant, were opened in January 2023. Penna, a casual Italian dining restaurant was opened in July. IKEA was opened in August and has introduced "Tai Koo Plan and Order Point" and Swedish bistro on ground floor. APiTA completed its last phase of renovation on basement floor by December 2023.

Citygate Outlets

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

The mall was fully let in 2023. With the recovery of market sentiment, 14 new brands, including food and beverage outlets, were introduced. These outlets include Alice and Olivia by Stacey Bendet, Bossini, Diesel, eslite bookstore, Go Wild, lululemon, Luxba Fashion Outlet, Marni, Marimekko, Moody Tiger and Sam Edelman. Watami group has brought two new concept restaurants namely Firebird Japanese Grill & Bar and Tsujijan. Meet Fresh was opened by December 2023.

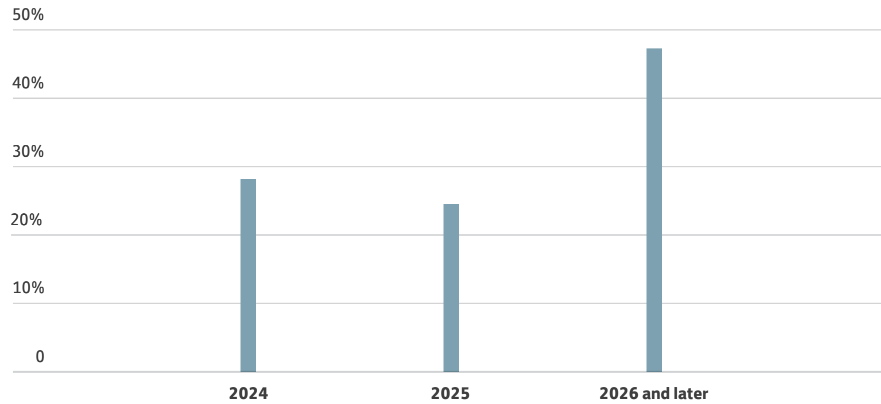
Hong Kong Retail Market Outlook

It is expected that footfall and tenants' sales in Hong Kong will continue to improve despite uncertainty over economic environment, outbound travel and volatile stock market. With our strong marketing campaigns and loyalty programme initiatives, it is anticipated that the sales momentum will carry on.

The following chart shows the percentage of attributable gross rental income from the retail properties in Hong Kong, for the month ended 31st December 2023, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 28.2% of the attributable gross rental income in the month of December 2023 are due to expire in 2024, with tenancies accounting for a further 24.5% of such rental income due to expire in 2025.

Retail Lease Expiry Profile

(At 31st December 2023)



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 78% let at 31st December 2023. Demand for our residential investment properties has been boosted by tenants arriving from the Chinese Mainland under various talent admission schemes and from overseas by staying in Hong Kong for business after the reopening of the border.

Investment Properties Under Development

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. The Group obtained full ownership of Zung Fu Industrial Building and Wah Ha Factory Building in March 2022 and July 2023, respectively. The two sites are intended to be redeveloped for office and other commercial uses with an aggregate GFA of approximately 779,000 square feet.

Others

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. 2,521 of these car parking spaces had been sold at 8th March 2024. Sales of 2,146 car parking spaces had been recognised at 31st December 2023, 694 of them in 2023. Sales of 375 car parking spaces are expected to be recognised in 2024.

One Island East, 18 Westlands Road

In November 2023, the Group entered into agreements for the sale of twelve office floors (42nd to 54th floors excluding the 49th floor) at One Island East in Quarry Bay to SFC. The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December 2027 and not later than 31st December 2028. The total GFA of the twelve floors is approximately 300,000 square feet.

Investment Properties – Chinese Mainland

Overview

The property portfolio in the Chinese Mainland comprises an aggregate of 30.5 million square feet of space, 18.1 million square feet of which is attributable to the Group. Completed properties amount to 14.1 million square feet, with 16.4 million square feet under development. Total attributable gross rental income from investment properties in the Chinese Mainland was HK$6,045 million in 2023. At 31st December 2023, the investment properties in the Chinese Mainland were valued at HK$132,090 million. Of this amount, the Group's attributable interest was HK$88,005 million.

Chinese Mainland Property Portfolio [1]

	GFA (sq. ft.) (100% Basis)				
	Total	Investment Properties	Hotels	Under Planning	Attributable Interest
Completed					
Taikoo Li Sanlitun, Beijing	1,792,309	1,622,846	169,463	–	100%
Taikoo Li Chengdu [2]	1,654,565	1,461,428	193,137	–	100%
Taikoo Hui, Guangzhou	3,782,327	3,272,893	509,434	–	97%
INDIGO, Beijing	1,894,141	1,535,840	358,301	–	50%
HKRI Taikoo Hui, Shanghai	3,731,964	3,155,381	576,583	–	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	**14,137,797**	**12,330,879**	**1,806,918**	**–**	
Under Development					
INDIGO Phase Two, Beijing [3]	4,045,514	3,698,711	346,803	–	35%
Taikoo Li Xi'an [4]	2,936,376	–	–	2,936,376	70%
Sanya [5]	2,233,401	2,233,401	–	–	50%
Shanghai New Bund Mixed-use Project [6]	2,980,380	2,980,380	–	–	40%
Shanghai Yangjing Mixed-use Project [7]	4,181,136	–	–	4,181,136	40%
Sub-Total	**16,376,807**	**8,912,492**	**346,803**	**7,117,512**	
Total	**30,514,604**	**21,243,371**	**2,153,721**	**7,117,512**	

(1) Including hotels and properties leased for investment.

(2) The Group acquired the remaining 35% interest in Sino-Ocean Taikoo Li Chengdu in February 2023, and renamed it as Taikoo Li Chengdu in August 2023. The Group's interest increased from 65% to 100% after the transaction.

(3) This is an office-led mixed-use development. 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 phases from 2026.

(5) This is a retail-led development. The development is planned to be completed in phases from late 2025.

(6) This is a mixed-use development. The development is planned to be completed from 2025.

(7) This is a mixed-use development including residential portion for trading. The development scheme is being planned. The development is planned to be completed in phases from 2027.

Gross rental income from the Group's investment property portfolio in the Chinese Mainland was HK$4,593 million in 2023, 38% higher than in 2022, reflecting the recovery from COVID-19, the improvement to tenant mix in the cities where our malls operate and share of incremental rental income arising from the acquisitions of additional interests in Taikoo Li Chengdu during 2023.

Retail

The completed retail portfolio in the Chinese Mainland comprises an aggregate of 7.8 million square feet of space, 6.2 million square feet of which is attributable to the Group. Total attributable gross rental income from our retail properties in the Chinese Mainland increased by 20%, to HK$5,101 million, in 2023. Disregarding rental concessions and changes in the value of the Renminbi, total attributable gross rental income also increased by 20%. At 31st December 2023, our completed retail properties in the Chinese Mainland were valued at HK$67,437 million. Of this amount, the Group's attributable interest was HK$56,707 million.

The portfolio consists of Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu 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.

Chinese Mainland Completed Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2023)	Attributable Interest
Taikoo Li Sanlitun, Beijing [1]	1,622,846	94%	100%
Taikoo Li Chengdu [2]	1,354,624	97%	100%
Taikoo Hui, Guangzhou	1,529,392	100%	97%
INDIGO, Beijing	946,769	99%	50%
HKRI Taikoo Hui, Shanghai	1,107,220	93%	50%
Taikoo Li Qiantan, Shanghai	1,188,727	98%	50%
Hui Fang, Guangzhou	90,847	100%	100%
Total	**7,840,425**		

(1) Including spaces allocated to prospective tenants who have signed letters of intent.

(2) The Group acquired the remaining 35% interest in Sino-Ocean Taikoo Li Chengdu in February 2023, and renamed it as Taikoo Li Chengdu in August 2023. The Group's interest increased from 65% to 100% after the transaction.

In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for most of our malls, following the lifting of COVID-19 related restrictions. Our retail sales (excluding sales by vehicle retailers) in the Chinese Mainland increased on an attributable basis by 46% in 2023. Retail sales in Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu, Taikoo Hui in Guangzhou, INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai increased by 31%, 33%, 15%, 27%, 29% and 79%, respectively in 2023. Retail sales in the Chinese Mainland market as a whole increased by 7%.

The Group's gross rental income from retail properties in the Chinese Mainland increased by 42%, to HK$4,191 million, in 2023. Disregarding rental concessions and changes in the value of the Renminbi, gross rental income increased by 45%.

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 2023.

Retail Area by Tenants' Businesses

(At 31st December 2023)

At 31st December 2023, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2023) together occupied approximately 23% 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 284 retail outlets.

Taikoo Li Sanlitun South concentrates on contemporary fashion and designer brands. Apple, ARKET, Sephora, WE11DONE and World of Ralph Lauren are tenants. Improvement to tenant mix continued. In 2023, a number of new stores were opened including ARC'TERYX Concept Boutique, Clarks Originals, DIESEL flagship store, GANNI, Holzweiler, i.t blue block, ISSEY MIYAKE flagship store, Le Labo and Maison Margiela's first northern China flagship store. Tenants in Taikoo Li Sanlitun North are principally retailers of luxury, designer fashion and lifestyle brands. To enhance the leading luxury positioning in the Beijing market, structural works to facilitate the tenant mix improvement at Taikoo Li Sanlitun North is in progress. Alexander McQueen, Balenciaga, Bape, CELINE, Gucci, I.T, LOEWE, Moncler, CANADA GOOSE and SPACE are tenants. Jordan, Max Mara, Valentino and Versace became tenants in 2023. As an extension to Taikoo Li Sanlitun South, tenants in Taikoo Li Sanlitun West includes DESCENTE Kinetic Lab Global Experience Centre, Nike Rise and Uniqlo Global Sanlitun Flagship Store. A footbridge connecting Taikoo Li Sanlitun South and Taikoo Li Sanlitun West was opened in 2023.

Retail sales at Taikoo Li Sanlitun increased by 31% in 2023, following the reopening of Workers' Stadium and lifting of COVID-19 associated restrictions. Foot traffic recovered to 2021 levels. Gross rental income increased by 4%. 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 2023 including spaces allocated to prospective tenants who have signed letters of intent.

Taikoo Li Chengdu

Taikoo Li Chengdu (formerly known as 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, Boucheron, Cartier Maison, Dior Couture, Gucci, Harry Winston, Hermès, I.T, Louis Vuitton Maison and The Hall by Louis Vuitton, Moncler, Muji, The World of Ralph Lauren, Fangsuo bookstore, Olé Supermarket and a 1,720-seat Palace-j'aime cinema are tenants. In 2023, over 70 brands opened new stores or upgraded to their latest concept stores including Alexander McQueen, ARC'TERYX Global Flagship, Baccarat, Moynat, Hasselblad, Homme by Issey Miyake, Holzweiler, Stone Island, Toteme, The Cheesecake Factory and Wang De Chuan Teahouse.

TAIKOO LI SANLITUN

BEIJING

Disregarding the impact arising from the incremental shareholding at Taikoo Li Chengdu, retail sales and gross rental income increased by 33% and 12% respectively. The Group continues to reinforce the development as a premium shopping and leisure destination. The development was 97% let at 31st December 2023.

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. AKAK, CELINE, JEWELRIA CHOW TAI FOOK, CARVEN, FERRAGAMO, GUCCI Beauty, LAOPU GOLD, LensCrafters, Longines, LOEWE, LONGCHAMP, mo labo, Maison Margiela, On, Shake Shack and ZAKUZAKU became tenants in 2023.

Retail sales and gross rental income at Taikoo Hui increased by 15% and 5% respectively in 2023. There were improvements to the tenant mix. The mall was 100% let at 31st December 2023.

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. Massimo Dutti, i.t, Muji, Uniqlo, SISYPHE bookstore, Sundan, BHG Market Place and a seven-house with 1,000-seat CGV cinema are tenants. ARMANI EXCHANGE, Calvin Klein, DESCENTE, KAILAS, Max & Co., NEIWAI Active, On, Shokz, erdos KIDS, Fila Kids, New Balance KIDS and JEWELRIA CHOW TAI FOOK became tenants in 2023. The mall has strengthened its market position in the northeast Beijing through its continuous tenant mix improvement.

Retail sales and gross rental income at INDIGO increased by 27% and 13% respectively in 2023. The mall was 99% let at 31st December 2023.

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, CANADA GOOSE, COS, diptyque, drivepro lab, Ermengildo Zegna, Guerlain, Golden Goose, IWC, Lululemon, LOEWE, Max Mara, Nio, self-portrait, SPACE, Tesla, The Cheesecake Factory, Shanghai Club, Ho Hung Kee, Venchi and a city'super supermarket are tenants. ALLSAINTS, Fred, KANPAI CLASSIC, Lime Garden, Loewe Perfumes, Prada Beauty, RIMOWA, Taschen, YSL Beauty and "& other stories" became tenants in 2023.

Retail sales at HKRI Taikoo Hui increased by 29% in 2023 while gross rental income decreased by 3% as a result of certain part of the mall undergoing renovation. The mall was 93% let at 31st December 2023.

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 three metro lines, it has an aggregate GFA of 1,188,727 square feet and space for around 270 shops. It is our second development in Shanghai and the third Taikoo Li project in the Chinese Mainland.

With the economic recovery from the pandemic, footfall and retail sales at Taikoo Li Qiantan were strong in 2023. Retail sales and gross rental income increased by 79% and 22% respectively in 2023. A number of new stores was opened including the first Dior Café in the Chinese Mainland, the first Hennessy flagship store in Asia, the first Muji flagship store with marche in the Chinese Mainland, Tiffany & Co., Le Labo, Huawei, Perfume de Marly (first flagship store in Shanghai) and Snowpeak. At 31st December 2023, tenants had committed to take 98% of the retail space and 95% of the lettable retail space was open.

Chinese Mainland Retail Market Outlook

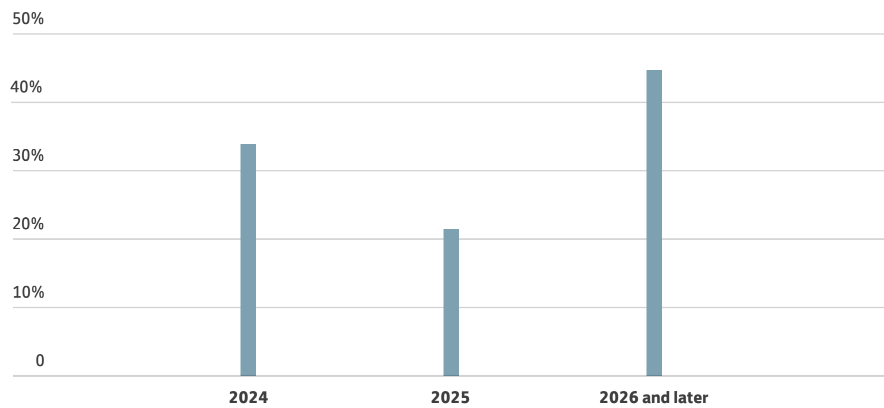
After benefitting from years of double-digit growth in retail sales, 2024 is expected to be a year of stabilisation, where retailers will take a more prudent approach but maintaining positive outlook in medium to long term. Inbound and outbound travel are anticipated to increase and a recalibration between onshore and offshore spending behaviour from customers (as compared to pre-COVID-19 pattern) is expected.

The overall demand for retail space is expected to be stable. It is expected that the demand for retail space from retailers of luxury brands will remain strong in Guangzhou and Chengdu. In Shanghai and Beijing, demand for retail space from fashion, cosmetics, lifestyle brands and food and beverage operators is expected to be steady with retailers of luxury brands taking a relatively more prudent expansion approach.

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 2023, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 33.9% of the attributable gross rental income in the month of December 2023 are due to expire in 2024, with tenancies accounting for a further 21.4% of such rental income due to expire in 2025.

Retail Lease Expiry Profile

(At 31st December 2023)



Offices

The completed office portfolio in the Chinese Mainland comprises an aggregate of 4.2 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$857 million in 2023. Disregarding changes in the value of the Renminbi, total attributable gross rental income increased by 4%. At 31st December 2023, our completed office properties in the Chinese Mainland were valued at HK$20,613 million. Of this amount, the Group's attributable interest was HK$12,841 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 2023)	Attributable Interest
Taikoo Hui, Guangzhou	1,693,125	92%	97%
INDIGO, Beijing	589,071	85%	50%
HKRI Taikoo Hui, Shanghai	1,900,838	98%	50%
Total	**4,183,034**		

Demand for office space in Beijing, Shanghai and Guangzhou remained weak amid a slower than anticipated economic recovery. In Guangzhou, demand was weak and new supply continued to put pressure on office rents. In Shanghai, net absorption was lower than expected and new supply put pressure on rents in both core and decentralised areas. In Beijing, demand was weak putting downward pressure on rents, whilst new supply in core areas was limited.

The Group's gross rental income from office properties in the Chinese Mainland increased slightly to HK$366 million in 2023. Disregarding changes in the value of the Renminbi, the gross rental income increased by 6%.

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 2023.

Office Area by Tenants' Businesses

(At 31st December 2023)

HKRI TAIKOO HUI
SHANGHAI

At 31st December 2023, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2023) together occupied approximately 45% 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 92% let at 31st December 2023. Demand for office space in 2023 was weak and rents were under pressure. Canon, CapitaLand, Dior, Fedex, HSBC, Medtronic, Microsoft, Roche, Samsung, SK, Sumitomo Corporation, TOYOTA and UOB are tenants. Chanel, Everwin Law Firm, Eyugame and SGLA Law Firm leased more space in 2023. Beauty Farm, Donghong Runbao Medical, Elegant Prosper, EVISU, Fosun Medical, Hermès, Intergulf, ITOCHU, Mintai Metal and SHURUI Robotics became tenants in 2023.

INDIGO, Beijing

ONE INDIGO was 85% let at 31st December 2023. The main tenants are technology, media and telecoms companies. Demand for office space in 2023 was weak and the consolidation of technology, media and telecoms companies in Wangjing area of the Chaoyang district exerted downward pressure on rents. Disney, Eli Lilly, Mitsubishi, Rolls Royce, Schlumberger and Western Cloud are tenants. AWOT Global Corporation became tenant in 2023.

HKRI Taikoo Hui, Shanghai

There are two office towers at HKRI Taikoo Hui in Shanghai. They were 98% let at 31st December 2023. Demand in 2023 was weaker than anticipated and new supply put pressure on rents. 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. Alix Partners, Alliance Bernstein, Chanel, Investindustrial and Michael Kors leased more space in 2023. Design Holding became a tenant in 2023.

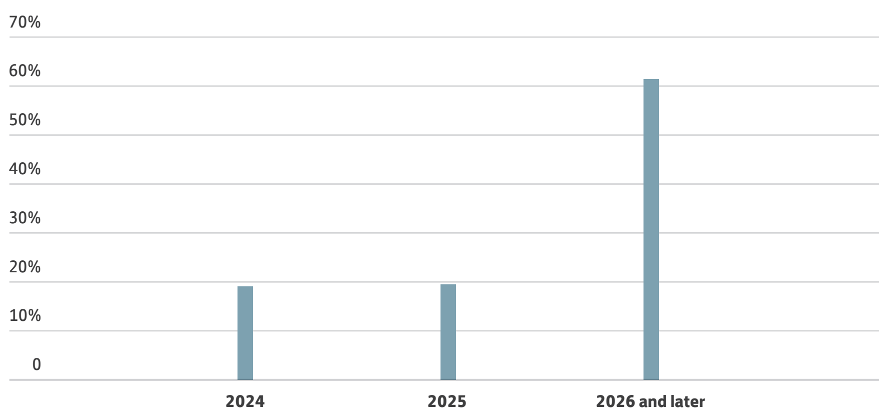
Chinese Mainland Office Market Outlook

In Guangzhou, new supply in decentralised areas is expected to put downward pressure on office rents. In Beijing, limited new supply is expected in core areas meaning the market is well-placed once demand returns. In Shanghai, new supply and existing vacant stock is expected to put downward pressure on office rents, however core central business districts are expected to be more stable. Overall, all cities continue to experience negative sentiment due to economic uncertainties which are causing tenants to remain cautious. Office rents are expected to decline and have yet to bottom out.

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 2023, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 19.1% of the attributable gross rental income in the month of December 2023 are due to expire in 2024, with tenancies accounting for a further 19.5% of such rental income due to expire in 2025.

Office Lease Expiry Profile

(At 31st December 2023)



Serviced Apartments

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

The performance of the serviced apartments in Shanghai in 2023 improved following the lifting of COVID-19 associated restriction. Occupancy at the Mandarin Oriental in Guangzhou, The Temple House in Chengdu and The Middle House Residences in Shanghai was 83%, 61% and 93% respectively at 31st December 2023.

Chinese Mainland Serviced Apartments Market Outlook

The performance of the serviced apartments is expected to improve in 2024.

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 and superstructure works are in progress. The Group has a 35% interest in INDIGO Phase Two.

Taikoo Li Xi'an

Taikoo Li Xi'an is located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an and is expected to be developed as a retail-led mixed-use development comprising retail and cultural facilities, a hotel and serviced residences. The estimated GFA is approximately 2.9 million square feet and is subject to the finalisation of development scheme. Excavation works are in progress. The project is expected to be completed in phases from 2026. The development is being done in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. The Group has a 70% interest in Taikoo Li Xi'an.

Sanya

Strategically located in the heart of Haitang Bay National Coastal Recreation Park in Sanya, the development is our first-ever resort-style premium retail development including underground parking and other ancillary facilities, with GFA of approximately 2.2 million square feet. In collaboration with China Tourism Group Duty Free Corporation Limited, the development will be Phase III of the Sanya International Duty-Free Complex. Basement works are in progress. The development is expected to be completed in phases from late 2025. The Group has a 50% interest in this development.

Shanghai New Bund Mixed-use Project

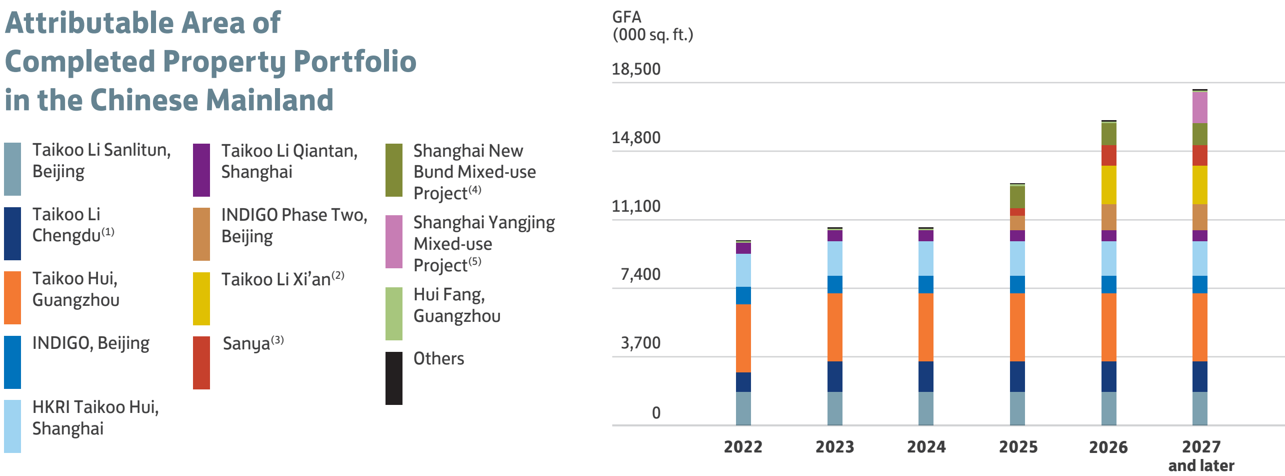
The New Bund Mixed-use Project is situated within Shanghai's middle-ring road and spans a site area of approximately 686,000 square feet. Located at the intersection of three Shanghai metro lines, the site is directly opposite to Taikoo Li Qiantan, our first joint venture development with the Lujiazui Group. It is a mixed-use development comprising retail, office and residential components, with an approximate GFA of 4.1 million square feet (including retail floor area below ground). Office towers have been topped out. Basement and retail construction works are in progress. The development is expected to be completed from 2025. The Group has a 40% interest in the development.

Shanghai Yangjing Mixed-use Project

Jointly developed with the Lujiazui Group, the Yangjing Mixed-use Project, which is along the Huangpu River and within the inner-ring road in Pudong district of Shanghai, will be developed into a mixed-use landmark comprising premium residential properties, retail, office and cultural facilities, potentially a lifestyle hotel as well. The estimated GFA is approximately 4.2 million square feet (including retail floor area below ground and residential portion for trading), subject to relevant plan approval. Basement structure works are in progress. The development is expected to be completed in phases from 2027. The Group has a 40% interest in the development.

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) The Group acquired the remaining 35% interest in Sino-Ocean Taikoo Li Chengdu in February 2023, and renamed it as Taikoo Li Chengdu in August 2023. The Group's interest increased from 65% to 100% after the transaction.

(2) The development is expected to open in phases from 2026.

(3) The development is expected to open in phases from late 2025.

(4) The development is expected to complete from 2025.

(5) The development is expected to complete in phases from 2027.

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 673,871 square feet above ground and 956,949 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 late 2026. The Group does not have an ownership interest in the compound.

BRICKELL CITY CENTRE

MIAMI

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 100% leased (including by way of letters of intent) at 31st December 2023. Retail sales in 2023 increased by 13% compared to the same period in 2022.

The second phase of the Brickell City Centre development is being planned.

Brickell City Centre, Miami

	GFA (sq. ft.)[1] (100% Basis)	Attributable Interest
Completed		
Shopping centre	496,508	62.9%
Future Development		
Brickell City Centre land	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 at the Brickell City Centre mall are expected to benefit from an improved tenant mix and population growth in central Miami.

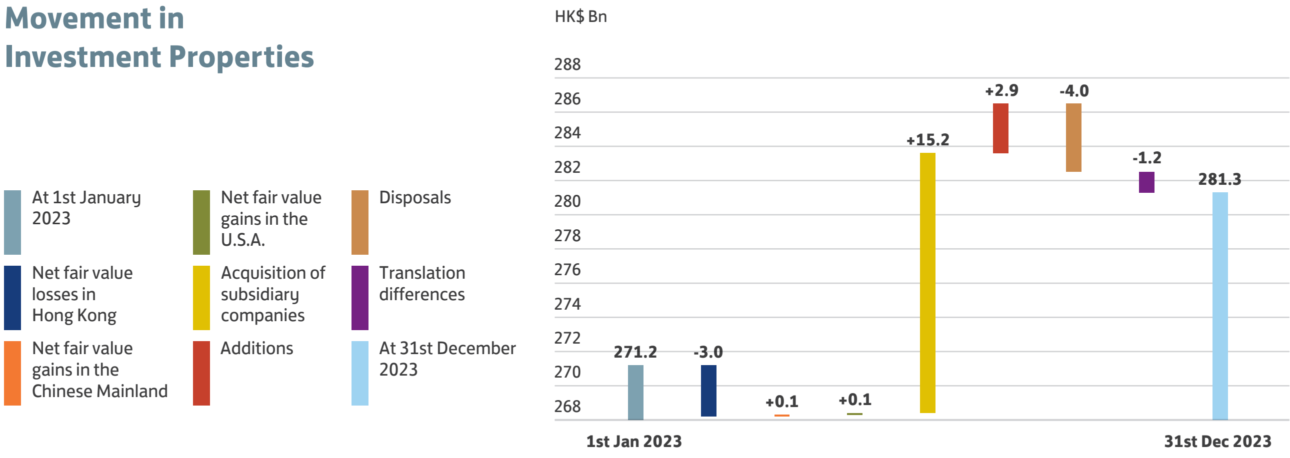
Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2023 on the basis of market value (96% 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$281,271 million, compared to HK$271,191 million at 31st December 2022.

The increase in the valuation of the investment property portfolio primarily reflected the acquisition of subsidiary companies in the Chinese Mainland and the additions for the year, partly offset by a decrease in the fair value of the office investment properties in Hong Kong, the disposal of certain office floors 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 nine residential projects under development, four in Hong Kong, two in the Chinese Mainland, one in Indonesia, one in Vietnam and one in Thailand. There is also a plan to develop a residential project on part of our land banks in Miami, U.S.A.

Property Trading Portfolio (At 31st December 2023)

	GFA (sq. ft.) (100% Basis)	Actual/Expected Construction Completion Date	Attributable Interest
Completed			
Hong Kong			
– EIGHT STAR STREET, Wan Chai	3,091[1]	2022	100%
Vietnam			
– The River, Ho Chi Minh City	22,959[1]	2022	20%
Under Development			
Hong Kong			
– LA MONTAGNE, Wong Chuk Hang (formerly known as Wong Chuk Hang Station Package Four Property Development)	638,305	2024	25%
– Chai Wan Inland Lot No. 178	692,276[2]	from 2025	80%
– 269 Queen's Road East, Wan Chai	102,990[3]	2026	100%
– 983-987A King's Road and 16-94 Pan Hoi Street	440,000[5]	2028	50%
Chinese Mainland			
– Shanghai New Bund Mixed-use Project	1,159,057[4]	from 2025	40%
– Shanghai Yangjing Mixed-use Project	to be determined	under planning	40%
Indonesia			
– Savyavasa, South Jakarta	1,122,728	2024	50%
Vietnam			
– Empire City, Ho Chi Minh City	5,357,318	2028	15.73%
Thailand			
– Wireless Road, Bangkok	1,634,220[5]	2029	40%
Held for Development or sale			
U.S.A.			
– South Brickell Key, Miami, Florida	550,000	under planning	100%
– Brickell City Centre, Miami, Florida – North Squared site	523,000[6]	N/A	100%

(1) Remaining saleable area.
(2) Excluding a retail shop of approximately 2,002 sq. ft.
(3) Excluding a retail podium of approximately 13,197 sq. ft.
(4) Residential GFA only.
(5) Total GFA subject to change.
(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. 34 out of 37 units had been sold at 8th March 2024. Sales of 33 units had been recognised at 31st December 2023, 6 of them in 2023. Sale of 1 unit is expected to be recognised in 2024.

LA MONTAGNE, Wong Chuk Hang (formerly known as 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 (Phases 4A and 4B) with an aggregate GFA of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. Pre-sales of Phase 4A started in July 2023. 52 out of 432 units had been pre-sold at 8th March 2024, all of them in 2023. Sales of these units are expected to be recognised in 2025. The development is expected to be completed and handed over to the purchasers in 2024 and 2025 respectively. 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 being redeveloped into a residential complex (with retail outlet) with an aggregate GFA of approximately 694,000 square feet. Superstructure works are in progress at the Phase 1 site, while substructure works are underway at the Phase 2 site. The development is expected to be completed from 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 use with an aggregate GFA of approximately 116,000 square feet. Site formation works and foundation works have commenced since July 2023 and are in progress. The development is under design stage and expected to be completed in 2026.

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. In August 2023, the Lands Tribunal granted the compulsory sale order for the site. In October 2023, the joint venture company obtained full ownership of the sites. 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.

Hong Kong Residential Market Outlook

In Hong Kong, residential market sentiment remains soft in light of economic uncertainties and high interest rate environment, despite the cancellation of stamp duty measures issued by the HKSAR Government. It is anticipated that the market confidence and sentiment might take some time to be rebuilt after the end of interest rate hikes. Demand remains resilient in the medium to long term, supported by local demand and limited supply.

Chinese Mainland

In November 2023, the Group completed the acquisition of 40% equity interest in developments from the Lujiazui Group to develop two new landmarks (Shanghai New Bund Mixed-use Project and Shanghai Yangjing Mixed-use Project) in Shanghai's Pudong New Area. These two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. Structural works are in progress at the New Bund plot while basement structure works are underway at the Yangjing plot. Around 75% of the total saleable area in the New Bund plot residential project have been presold at 31st December 2023, with an expected completion date from 2025 onwards.

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. Towers have been topped out. The development is expected to comprise around 400 residential units and to be completed in 2024. The Group has a 50% interest in the joint venture. Pre-sales are in progress. 80 units had been pre-sold at 8th March 2024.

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, which was completed in August 2022, 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 8th March 2024. 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 53% of the residential units had been pre-sold or sold at 8th March 2024.

Thailand

In February 2023, the Group acquired a 40% interest in a site located on Wireless Road in Lumphini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site, which is under design stage, is expected to be developed for residential purposes with a site area of approximately 136,000 square feet. The development is expected to comprise over 400 residential units in two towers and to be completed in 2029.

U.S.A.

In June 2023, the Group announced plans to develop a luxury residential and hospitality project in Miami. The project, branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers on Brickell Key. The first tower will comprise luxury private residences. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales reservations were launched in December 2023.

Chinese Mainland, Indonesia, Vietnam, Thailand and U.S.A. Residential Market Outlook

With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Shanghai, the Chinese Mainland, Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable. The outlook for the luxury residential market in Miami remains positive. Florida is an attractive destination for homebuyers due to its favourable climate and tax regime, as well as its location as a gateway city to and from Latin America.

Estate Management

The Group manages 19 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 residents, management, maintenance, cleaning, security and renovation of common areas and facilities. The Group places great emphasis on maintaining good relationships with residents.

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. There are plans to further expand The House Collective to Tokyo, Shenzhen and Xi'an. There are EAST hotels in Hong Kong, Beijing and Miami. EAST Miami ceased to be owned by the Group since October 2021 but is managed by the Group under a third-party hotel management agreement. The Group also has interests in non-managed hotels in Hong Kong, Guangzhou, Shanghai and Miami.

Businesses in the managed hotels in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 associated measures and the full reopening of the border. Operating performance of the managed hotel in the U.S.A. was stable.

The managed hotels (including restaurants and hotel management office) recorded an operating profit before depreciation of HK$88 million in 2023, compared with an operating loss before depreciation of HK$118 million in 2022.

THE TEMPLE HOUSE

CHENGDU

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place in Hong Kong, revenue per available room and occupancy rebounded strongly following the reopening of the border, with growth of international visitors. In 2023, the hotel was ranked number three in the Condé Nast Traveler's 2023 Readers' Choice Awards for the Best Hotels in Hong Kong category. It also received awards from Travel + Leisure and TripAdvisor and DestinAsian, and was ranked number four in The World's 50 Best Hotels 2023.

EAST Hong Kong

At EAST Hong Kong, a 331-room hotel in Taikoo Shing, revenue per available room and occupancy increased significantly following the reopening of the border. Condé Nast Traveler recognised the hotel as one of the best hotels in Hong Kong.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. Its occupancy and revenue per available room improved strongly following the reopening of the border. In 2023, the hotel received awards from Travel + Leisure. Jing Yaa Tang restaurant was awarded with 1-star in the MICHELIN Guide Beijing 2023.

EAST Beijing

EAST Beijing is a 365-room lifestyle hotel at INDIGO in Beijing, in which the Company has a 50% interest. Occupancy and revenue per available room rebounded strongly following the resumption of international flights after border reopening. The hotel was named Top City Landmark Hotel Award of the Year by Target Magazine.

The Temple House

The Temple House (in which the Company has 100% interest after the completion of the acquisition of the remaining 35% interest in February 2023) has 100 hotel rooms and 42 serviced apartments at Taikoo Li Chengdu. Revenue per available room and occupancy improved strongly due to the removal of COVID-19 associated restrictions. The hotel received award from Condé Nast Traveler as the number eight of the Best Hotels in China. The Mi Xun Spa was named Most Effective Treatment of the Year in SpaChina Wellness and Spa Awards 2023, and China's Best Wellness Retreat in the World Spa Awards 2023. The Mi Xun Tea House was awarded with 1-star in the MICHELIN Guide Chengdu 2023.

The Middle House

The Middle House (in which the Company has a 50% interest) has 111 hotel rooms and 102 serviced apartments at HKRI Taikoo Hui, Shanghai. Revenue per available room and occupancy rebounded in 2023 following the removal of COVID-19 measures. The hotel received awards from Condé Nast Traveler as the number eleven of the Best Hotels in China and China Top 10 Hotels in the Gold List. Mi Xun Spa was named as Best Fitness Center & Spa of the Year in the SpaChina Wellness & Spa Awards 2023.

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 was stable in 2023.

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	365	50%
– The Temple House [(2)]	142	100%
– The Middle House [(3)]	213	50%
U.S.A.		
– EAST Miami [(4)]	352	0%
Total	**2,120**	

(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 February 2023, the Group acquired the remaining 35% interest in Taikoo Li Chengdu. The Group's interest in The Temple House increased to 100% 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	440	26.67%
– The Silveri Hong Kong – MGallery	206	26.67%
Chinese Mainland		
– Mandarin Oriental, Guangzhou [(1)]	287	97%
– The Sukhothai Shanghai	201	50%
U.S.A.		
– Mandarin Oriental, Miami	326	75%
Total	**3,138**	

[(1)] Including serviced apartments in the hotel tower.

The non-managed hotels in Hong Kong and the Chinese Mainland recovered following the lifting of COVID-19 associated restrictions. Operating performance at the non-managed hotel in the U.S.A. was weaker than that in 2022 as leisure and business travel in the U.S.A. has reverted to pre-COVID-19 patterns. 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 for the fifth consecutive year. The Sukhothai Shanghai is a luxury hotel in Shanghai.

Hotels Market Outlook

The hotels in Hong Kong are expected to further improve with more international visitors, while the hotel business in the Chinese Mainland is anticipated to grow in 2024. The hotels in the U.S.A. are expected to have a stable performance in 2024.

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 2023 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$2,319 million (2022: HK$3,246 million). Outstanding capital commitments at 31st December 2023 were HK$9,919 million (2022: HK$11,878 million), including the Group's share of the capital commitments of joint venture companies of HK$22 million (2022: HK$67 million).

Capital expenditure in 2023 on Chinese Mainland investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$935 million (2022: HK$4,879 million). Outstanding capital commitments at 31st December 2023 were HK$15,271 million (2022: HK$16,076 million), including the Group's share of the capital commitments of joint venture companies of HK$7,106 million (2022: HK$7,370 million). The Group is committed to funding HK$797 million (2022: HK$331 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$275 million (2022: HK$421 million).

Capital expenditure in 2023 on investment properties and hotels in the U.S.A. amounted to HK$49 million (2022: HK$19 million). Outstanding capital commitments at 31st December 2023 were HK$25 million (2022: nil).

Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Total Commitments[1]	Commitments relating to joint venture companies[2]
	2023 HK$M	2024 HK$M	2025 HK$M	2026 HK$M	2027 and later HK$M	At 31st December 2023 HK$M	At 31st December 2023 HK$M
Hong Kong	2,319	1,466	749	1,489	6,215	9,919	22
Chinese Mainland	935	4,158	4,423	3,480	3,210	15,271	7,106
U.S.A.	49	25	–	–	–	25	–
Total	3,303	5,649	5,172	4,969	9,425	25,215	7,128

(1) The capital commitments represent the Group's capital commitments of HK$18,087 million plus the Group's share of the capital commitments of joint venture companies of HK$7,128 million.

(2) The Group is committed to funding HK$797 million of the capital commitments of joint venture companies.

NEW BUND PROJECT, SHANGHAI

Development Highlights

YANGJING AND NEW BUND PROJECTS

New Mixed-Use Landmarks in The Heart of Pudong, Shanghai

The Yangjing and New Bund Projects are set to be developed into large-scale, mixed-use projects, comprising retail, office and premium residential components.

Located along the Huangpu River, the Yangjing Project has deep historical significance for the Swire Group – as it was the location of the Taikoo Wharf in the early to mid-1900s. Swire Properties will rejuvenate the area, and debut the Company's signature upscale residential brand, in the Chinese Mainland market, at this location.

The New Bund Project is situated within Shanghai's middle-ring road and at the intersection of three Shanghai Metro lines. Directly opposite to Taikoo Li Qiantan, this project will enhance the Company's efforts to transform the area.

The two Shanghai investments are a new milestone in Swire Properties' HK$100 billion investment plan, which is driving the Company's growth over the next decade. Swire Properties acquired a 40% equity interest in each project, in partnership with the Lujiazui Group. The expected completion date for the New Bund Project is from 2025; and phased completion from 2027 for the Yangjing Project.

Estimated Completion Year	Site Area	Estimated GFA	Owner
YANGJING PROJECT			
From 2027	151,934 sqm	388,437 sqm	Lujiazui Group (60%) Swire Properties (40%)
NEW BUND PROJECT			
From 2025	63,804 sqm	276,884 sqm	Lujiazui Group (60%) Swire Properties (40%)


YANGJING PROJECT, SHANGHAI

Development Highlights

TAIKOO LI XI'AN

World-Class Commercial Landmark to Open in Phases from 2026

Taikoo Li Xi'an, Swire Properties' fourth and largest Taikoo Li project in the Chinese Mainland, will comprise a shopping mall, cultural facilities and a luxury The House Collective hotel, with a total investment of approximately RMB10 billion.

Located within the Small Wild Goose Pagoda historical and cultural zone, this development will create a vibrant, world-class cultural and commercial destination in Xi'an; and showcase Xi'an on both the national and international stage.

Taikoo Li Xi'an will place the Small Wild Goose Pagoda – a world heritage site, and the Jianfu Temple – a royal temple of Tang Chang'an, as key focal points.

Taikoo Li Xi'an will feature an innovative low-rise and open-plan design, inspired by the simple yet elegant style of traditional Tang Dynasty architecture. The site is a transportation hub and is conveniently located at the intersection of two metro lines (Line 2 & Line 5).


Artist's Impression


Artist's Impression

Estimated Completion Year	Site Area
From **2026**	Approximately **128,494 sqm**

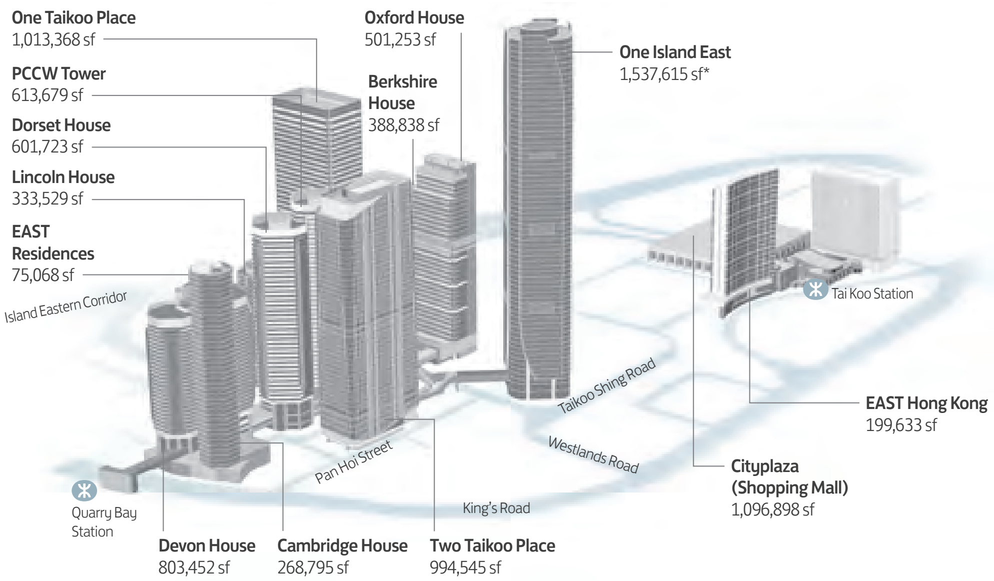
Estimated GFA	Owner
272,796 sqm	**Swire Properties** (70%) **Xi'an Cheng Huan Cultural Investment and Development Co., Ltd.** (30%)


やまふ水産

INDIGO, BEIJING

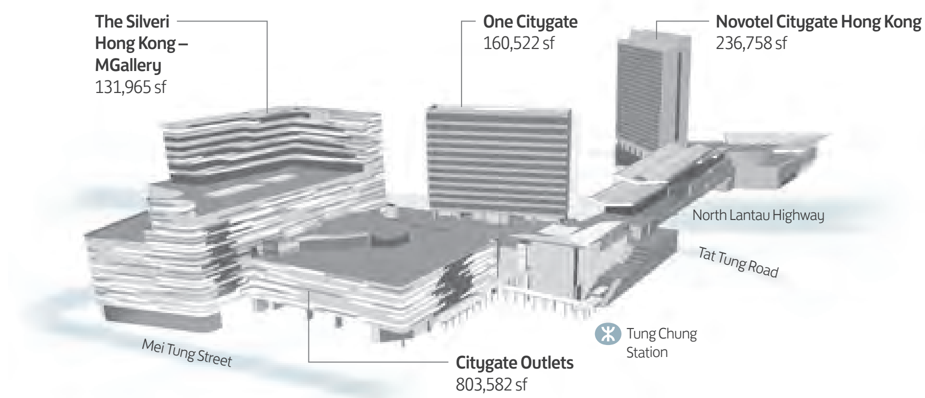
HONG KONG

Taikoo Place and Cityplaza

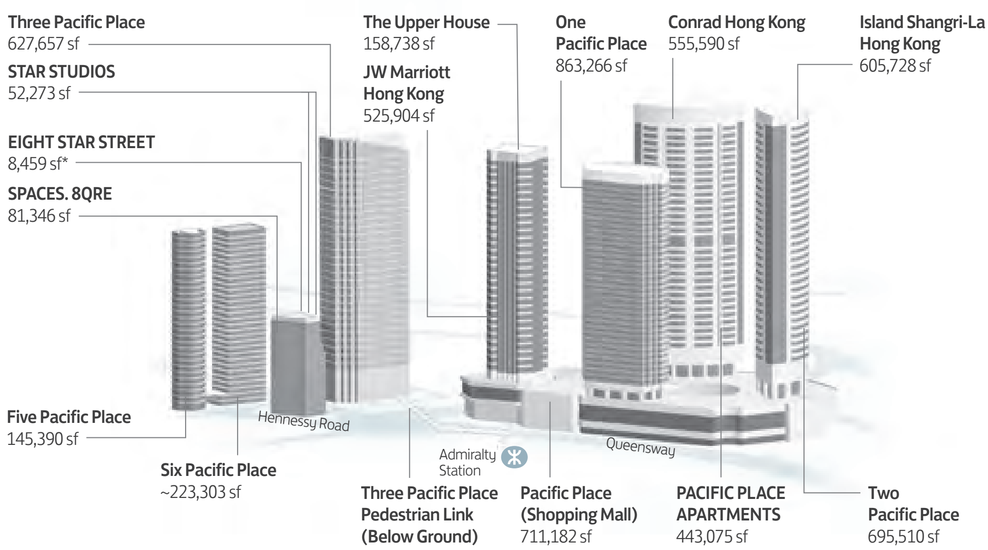


* Including the 45th to 54th floors (except for the 49th floor) disposed of.

Citygate



Pacific Place

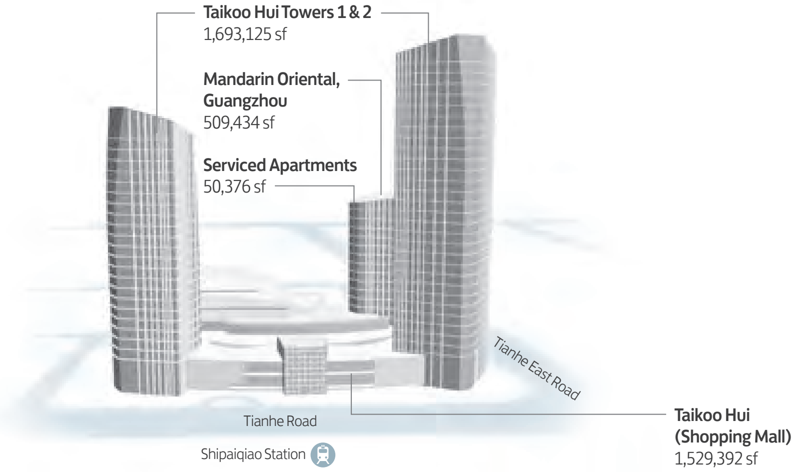


* Floor area shown including the gross floor area of remaining residential units of 5,608 sf.

CHINESE MAINLAND

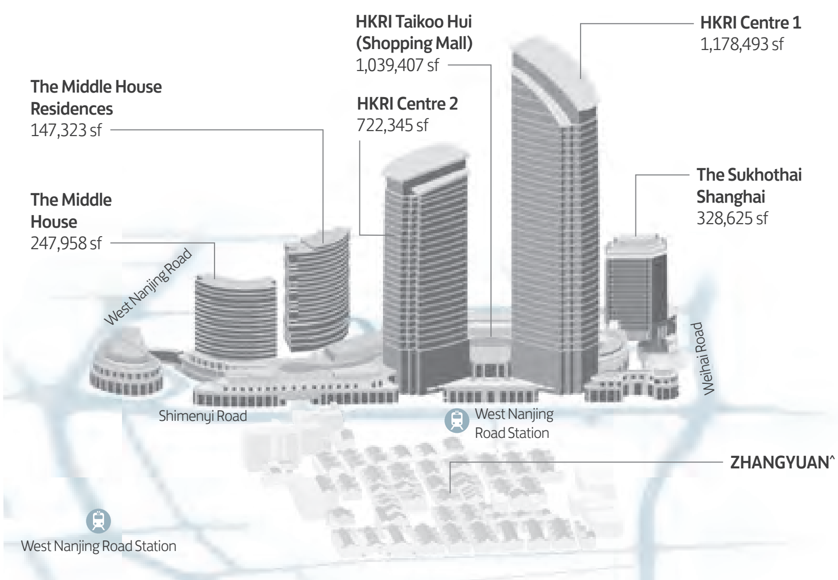
Taikoo Hui

GUANGZHOU



HKRI Taikoo Hui and ZHANGYUAN

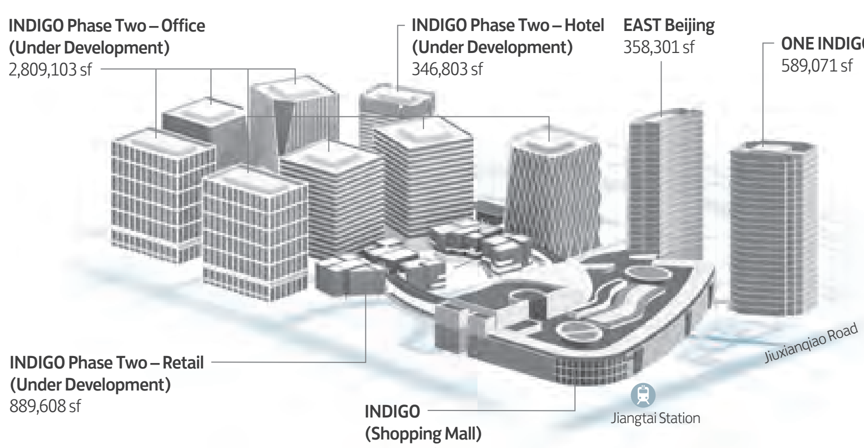
SHANGHAI



^ ZHANGYUAN, with gross floor area of 1,630,820 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.

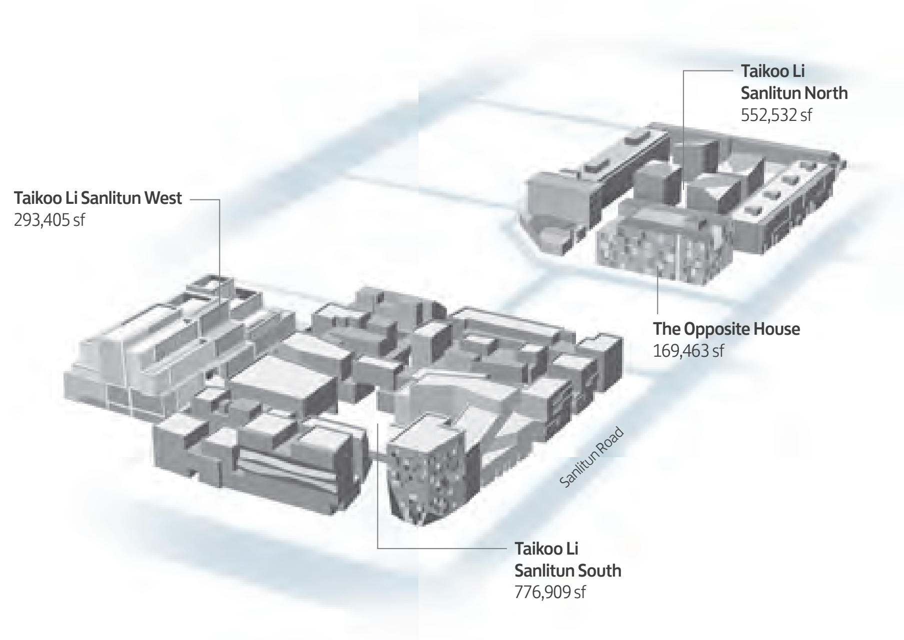
INDIGO

BEIJING



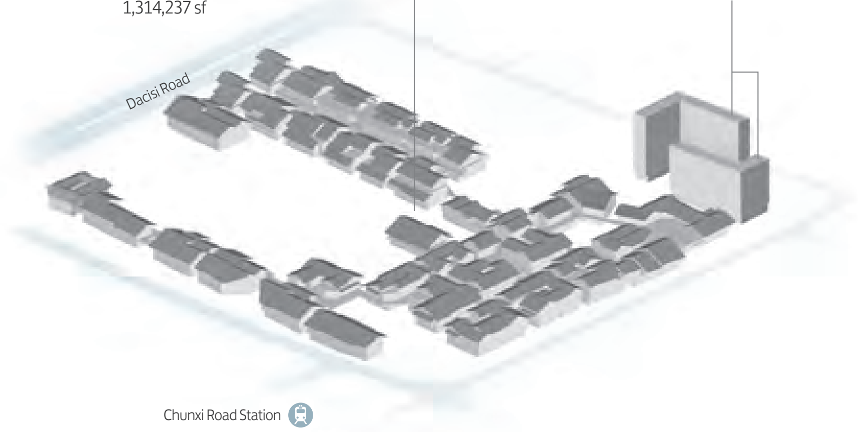
Taikoo Li Sanlitun

BEIJING



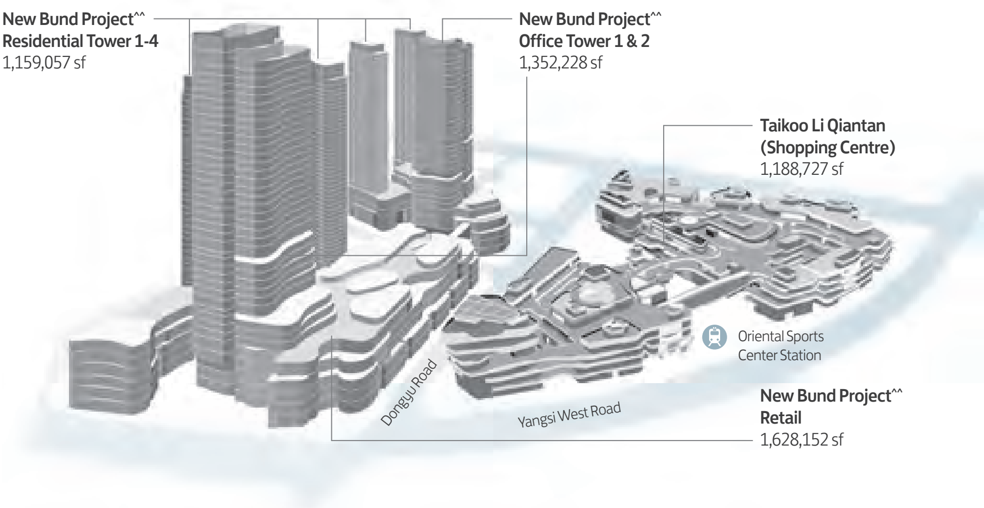
Taikoo Li Chengdu

CHENGDU



Taikoo Li Qiantan and New Bund Project

SHANGHAI

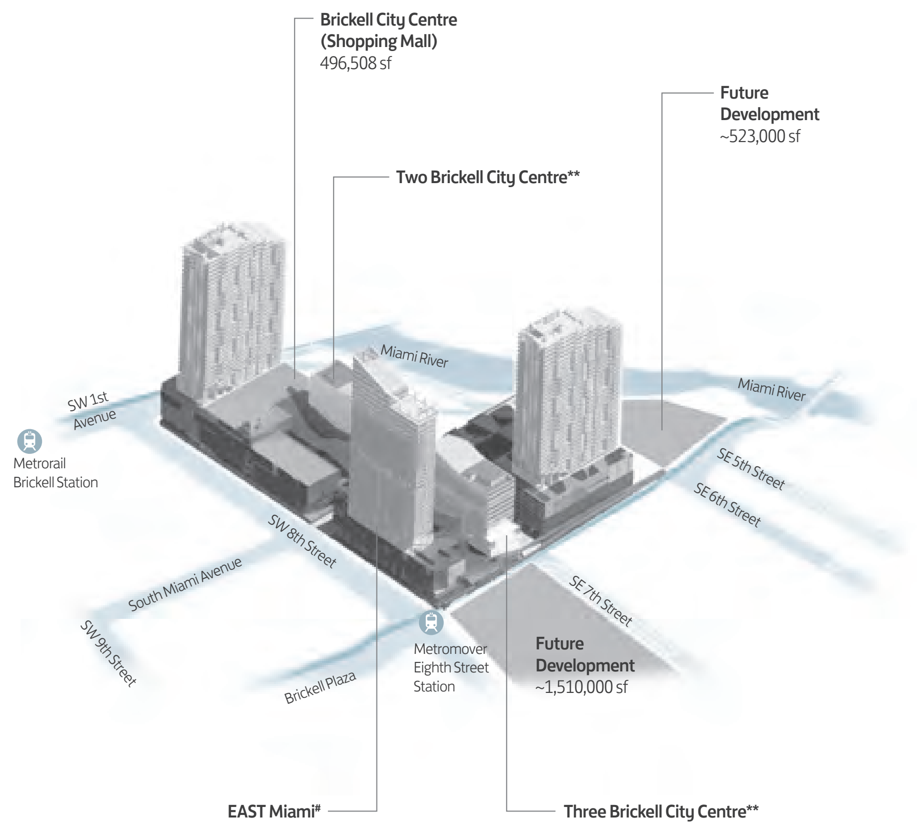


^^ New Bund Project is under development by a joint venture which is 40% owned by Swire Properties.

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 211 to 222.

FINANCIAL REVIEW

References are to "Notes to the Financial Statements" on pages 147 to 204.

Consolidated Statement of Profit or Loss

	2023 HK$M	2022 HK$M	Reference
Revenue	**14,670**	13,826	Note 4

The increase in revenue of HK$844 million compared to 2022 was principally due to higher gross rental income from property investment and higher revenue from hotels, partly offset by lower revenue from property trading.

Gross rental income from property investment increased by HK$1,182 million. In the Chinese Mainland, gross rental income increased by HK$1,157 million, mainly reflecting the strong recovery of the retail portfolio from the pandemic and the incremental contribution arising from the completion of the acquisition of the remaining 35% interest in Taikoo Li Chengdu in February 2023. In the U.S.A., gross rental income increased, principally due to the improved tenant mix. In Hong Kong, gross rental income was at par. The higher retail rental income as a result of strong recovery of the retail sales, was offset by the lower office rental income, reflecting the weak office market.

Revenue from hotels increased by HK$414 million. Hotels in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 related measures, the reopening of the border and resumption of international flights. Occupancy and room rates improved.

Revenue from property trading decreased by HK$755 million from 2022. In 2023, revenue was recognised from the sale of 6 units of EIGHT STAR STREET in Hong Kong. In 2022, revenue was recognised from the sale of 27 units of EIGHT STAR STREET in Hong Kong and a property in Fort Lauderdale in Florida, U.S.A.

Consolidated Statement of Profit or Loss *(continued)*

	2023 HK$M	2022 HK$M	Reference
Gross Profit Gross profit increased by HK$863 million. Gross profit from property investment and hotels increased by HK$913 million and HK$200 million respectively, while gross profit from property trading decreased by HK$253 million. Gross profit from property investment increased by HK$913 million, principally due to the strong recovery of the retail portfolio in Hong Kong and the Chinese Mainland and the incremental contribution from Taikoo Li Chengdu, partly offset by lower office gross profit in Hong Kong. Hotel business recorded a gross profit of HK$80 million in 2023 compared with a gross loss of HK$120 million in 2022, mainly due to higher hotel revenue in Hong Kong and the Chinese Mainland. Gross profit from property trading reflected the recognition of profits on the sale of EIGHT STAR STREET units in Hong Kong.	**10,386**	9,523	
Operating Profit The decrease in operating profit of HK$3,844 million was principally due to a fair value loss on investment properties in 2023 (compared with a fair value gain in 2022), partly offset by higher profits from property investment in the Chinese Mainland. The fair value gain in 2022 was primarily due to a reduction of 25 to 50 basis points in the capitalisation rates of certain investment properties in the Chinese Mainland and a fair value gain in relation to certain properties held under development. A fair value loss on investment properties of HK$2,829 million was recorded in 2023, compared with a fair value gain of HK$801 million in 2022. Investment properties in Hong Kong recorded a fair value loss of HK$3,073 million, principally due to lower rents. The investment properties at Brickell City Centre in Miami, U.S.A. recorded a fair value gain of HK$166 million, mainly due to higher rents. Investment properties in the Chinese Mainland recorded a fair value gain of HK$78 million. Administrative and selling expenses increased by HK$345 million compared to 2022. The increase principally reflected higher project related costs and inflation in 2023.	**5,180**	9,024	Note 8(a)

Consolidated Statement of Profit or Loss *(continued)*

	2023 HK$M	2022 HK$M	Reference
Net Finance Charges The increase of HK$333 million principally due to a higher level of borrowings in Hong Kong and the Chinese Mainland, and increase in interest rates in Hong Kong and the U.S.A., partly offset by the increase in interest capitalised on investment properties and properties for sale in Hong Kong and the Chinese Mainland.	**520**	187	Note 10
Share of Profit Less Losses of Joint Venture Companies The decrease of HK$1,319 million principally reflected the fair value loss of HK$667 million in 2023 (compared with the fair value gain of HK$510 million in 2022) and loss of contribution from Taikoo Li Chengdu as joint venture companies after becoming subsidiaries of the Group.	**124**	1,443	Note 8(a)
Share of Profit Less Losses of Associated Companies The loss of HK$416 million as compared to a gain of HK$12 million in 2022, primarily reflected the fair value loss of HK$454 million for the year, partly offset by higher hotel revenue in Hong Kong.	**(416)**	12	Note 8(a)
Taxation The decrease of HK$448 million was principally due to a decrease in deferred tax in relation to the fair value changes in respect of investment properties in the Chinese Mainland and the U.S.A.	**1,617**	2,065	Note 11
Profit Attributable to the Company's Shareholders The decrease of HK$5,343 million principally reflected a fair value loss on investment properties in 2023 (compared with a fair value gain in 2022), higher net finance charges and lower profit from property trading, partly offset by higher profit from property investment and hotel.	**2,637**	7,980	Note 8(a)

Consolidated Statement of Financial Position

	2023 HK$M	2022 HK$M	Reference
Property, Plant and Equipment The increase in property, plant and equipment was principally due to the acquisition of subsidiaries and additions to plant and equipment, partly offset by depreciation for the year and foreign exchange translation losses (principally in respect of leasehold buildings in the Chinese Mainland).	**3,644**	3,165	Note 15
Investment Properties The increase in investment properties of HK$10,095 million was principally due to the acquisition of subsidiaries (Taikoo Li Chengdu) of HK$15,230 million, additions during the year (after netting off cost written back) of HK$2,877 million, partly offset by a fair value loss of HK$2,829 million, foreign exchange translation losses of HK$1,200 million and the disposals of nine floors of One Island East in Hong Kong of HK$4,006 million. The additions reflected capital expenditure at the Taikoo Place redevelopment, Six Pacific Place, 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.	**281,463**	271,368	Note 16
Intangible Assets The increase of HK$1,347 million principally reflected the goodwill arising from the acquisition of subsidiaries.	**1,555**	208	Note 17
Joint Venture Companies and Loans Due from Joint Venture Companies The decrease of HK$5,805 million principally reflected (i) transfer of Taikoo Li Chengdu from joint venture to subsidiary companies, (ii) the Company's share of foreign exchange translation losses in respect of joint venture companies in the Chinese Mainland, partly offset by (iii) movements in loans due from joint venture companies, (iv) increases in equity to joint venture companies, (v) the Company's share of profits of joint venture companies (net off fair value loss) and (vi) the acquisition of additional interests in joint venture companies.	**34,057**	39,862	Note 20
Associated Companies and Loans due from Associated Companies The increase of HK$10,267 million principally reflected the acquisition of equity in associated companies, partly offset by the Company's share of loss of associated companies (including fair value loss).	**10,792**	525	Note 21
Properties For Sale The increase of HK$857 million principally reflected the development expenditures of Chai Wan Inland Lot No. 178 and 269 Queen's Road East in Hong Kong, partly offset by sales of units at EIGHT STAR STREET in Hong Kong.	**9,121**	8,264	Note 23

Consolidated Statement of Financial Position *(continued)*

	2023 HK$M	2022 HK$M	Reference
Trade and Other Receivables The increase of HK$672 million mainly reflected the deposit paid for tendering purpose.	**3,506**	2,834	Note 24
Assets Classified as Held For Sale This represents 384 car parking spaces at Taikoo Shing, Hong Kong.	**543**	2,038	Note 31
Trade and Other Payables The decrease of HK$245 million principally reflected the settlement of a payment obligation related to the acquisitions of joint venture companies, decrease in accrued capital expenditure and decrease in interest-bearing advances from joint venture companies, partly offset by deposit received and the acquisition of subsidiary companies.	**9,763**	10,008	Note 26
Long-Term Loans and Bonds (including the component due within one year) The increase of HK$18,334 million was principally due to the drawdown of bank loans, the consolidation of bank loan at the acquisition of the remaining equity interest in Taikoo Li Chengdu, and the issue of medium term notes in Hong Kong.	**41,169**	22,835	Note 28
Deferred Tax Liabilities The increase of HK$2,834 million principally reflected the consolidation of Taikoo Li Chengdu after the acquisition of the remaining interest and deferred tax charges for the year, partly offset by foreign exchange translation losses in the Chinese Mainland.	**14,082**	11,248	Note 30
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$1,780 million), as reduced by dividends paid to the Company's shareholders.	**285,082**	289,211	Notes 33 and 34
Non-Controlling Interests The increase in non-controlling interests of HK$20 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.	**3,067**	3,047	Note 36

Consolidated Statement of Cash Flows

	2023 HK$M	2022 HK$M	Reference
Cash Generated from Operations Cash generated from operations of HK$7,492 million principally comprised cash inflows from property investment of approximately HK$9,935 million and from property trading of approximately HK$213 million, partly offset by operating expenses of approximately HK$1,527 million and expenditure on properties for sale of approximately HK$583 million (after netting off contribution from a non-controlling interest).	**7,492**	6,332	Note 41(a)
Tax Paid The decrease principally reflected less tax paid in Hong Kong.	**963**	1,127	
Purchase of Property, Plant and Equipment The increase principally reflected additions of plant and equipment in Hong Kong.	**217**	133	Note 41(b)
Additions of Investment Properties The amount in 2023 principally reflected capital expenditure on the Taikoo Place redevelopment, Six Pacific Place, Taikoo Li Xi'an and on other projects in Hong Kong and the Chinese Mainland.	**2,771**	7,096	
Proceeds from Disposal of Subsidiary Companies, Net of Cash Disposed of The amount in 2023 reflected the receipt of settlement of a deferred payment for the sale of the Group's interest in the Cityplaza One office tower in Hong Kong.	**535**	1,060	Note 24
Proceeds from Disposal of Investment Properties The amount in 2023 reflected the proceeds from disposal of nine floors in One Island East and Taikoo Shing car parking spaces in Hong Kong.	**5,291**	609	
Payment for Acquisition of Subsidiary Companies, Net of Cash Acquired The amount in 2023 reflected the acquisition of the remaining equity interest in Taikoo Li Chengdu.	**3,699**	–	Note 43
Purchase of Shares in Joint Venture Companies, Equity and Loans (Net of Repayment) to Joint Venture Companies The amount in 2023 principally reflected the purchase of shares and equity injected in joint venture companies in aggregate of HK$1,147 million and net movements of loans with joint venture companies of HK$1,169 million.	**2,316**	2,034	
Equity and Loans (Net of Repayment) to Associated Companies The amount in 2023 principally reflected the purchase of shares in associated companies.	**10,380**	52	
Loans Drawn and Refinanced, and Bonds Issued (Net of Repayment of Loans, Bonds and Lease Liabilities) The amount in 2023 principally reflected the drawdown of bank loans and the issue of medium term notes in Hong Kong, partly offset by repayment of loans.	**15,053**	(1,838)	

Investment Appraisal and Performance Review

	Net Assets Employed		Capital Commitments[1]	
	2023 HK$M	2022 HK$M	**2023 HK$M**	2022 HK$M
Property investment	**300,678**	293,752	**24,823**	27,402
Property trading	**17,334**	11,612	**–**	–
Hotels	**6,816**	5,841	**392**	552
Total net assets employed	**324,828**	311,205	**25,215**	27,954
Less: net debt	**(36,679)**	(18,947)		
Less: non-controlling interests	**(3,067)**	(3,047)		
Equity attributable to the Company's shareholders	**285,082**	289,211		

	Equity Attributable to the Company's Shareholders[2]		Return on Average Equity Attributable to the Company's Shareholders[2]	
	2023 HK$M	2022 HK$M	**2023**	2022
Property investment	**276,512**	279,688	**1.0%**	2.9%
Property trading	**3,038**	3,992	**-4.8%**	3.9%
Hotels	**5,532**	5,531	**-1.8%**	-6.0%
Total	**285,082**	289,211	**0.9%**	2.7%

(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 223 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 2023, 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 United States 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$19,127 million. This comprised:
- term and revolving loan facilities aggregating HK$12,415 million
- medium term notes aggregating HK$6,712 million

During the year, the Group made various repayments of debt. This comprised:
- repayment and prepayment of term and revolving loan facilities aggregating HK$2,930 million
- repayment of medium term notes of HK$200 million

During the year, the Group acquired the remaining equity interest in Taikoo Li Chengdu and hence consolidated its debt.

	Loans and bonds				
	due within one year HK$M	due after one year HK$M	Lease liabilities HK$M	Total 2023 HK$M	2022 HK$M
At 1st January	700	22,135	614	23,449	25,167
Loans drawn and refinanced	5,524	5,999	–	11,523	7,237
Bonds issued	–	6,742	–	6,742	–
Acquisition of subsidiary companies	438	2,713	42	3,193	–
Bonds matured	(200)	–	–	(200)	(3,899)
Repayment of loans	(830)	(2,100)	–	(2,930)	(5,110)
New leases arranged during the year	–	–	62	62	160
Principal elements of lease payments	–	–	(82)	(82)	(66)
Reclassification	1,875	(1,875)	–	–	–
Currency adjustment	52	(79)	(16)	(43)	(44)
Other non-cash movements	4	71	(13)	62	4
At 31st December	7,563	33,606	607	41,776	23,449

Net Debt

Audited Financial Information

Net debt at 31st December 2023 was HK$36,679 million, compared with HK$18,947 million at 31st December 2022. The increase in net debt principally reflected capital and development expenditure and investment in joint venture companies and acquisitions of subsidiary companies.

The Group's borrowings are principally denominated in Hong Kong dollars, Renminbi and United States dollars. Outstanding borrowings at 31st December 2023 and 2022 were as follows:

	2023 HK$M	2022 HK$M
Borrowings included in non-current liabilities		
Bank borrowings	13,159	7,311
Bonds	20,447	14,824
Borrowings included in current liabilities		
Bank borrowings	6,463	500
Bonds	1,100	200
Total borrowings	41,169	22,835
Lease liabilities		
Included in non-current liabilities	527	535
Included in current liabilities	80	79
Less: short-term deposits and bank balances	5,097	4,502
Net debt	36,679	18,947

Sources of Finance

Audited Financial Information

At 31st December 2023, committed loan facilities and debt securities amounted to HK$54,041 million, of which HK$12,700 million (24%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$400 million. Sources of funds at 31st December 2023 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	14,710	14,710	–	–
Revolving loans	17,741	5,041	–	12,700
Bonds	21,590	21,590	–	–
Total committed facilities	54,041	41,341	–	12,700
Uncommitted facilities				
Bank loans and overdrafts	400	–	400	–
Total	54,441	41,341	400	12,700

Note:
The figures above are stated before unamortised loan fees of HK$172 million.

i) Loans and Bonds

Audited Financial Information

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

	2023			2022		
	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	41,341	(172)	41,169	22,980	(145)	22,835
Less: amount due within one year included under current liabilities	7,569	(6)	7,563	700	–	700
	33,772	(166)	33,606	22,280	(145)	22,135

ii) Bank Balances and Short-term Deposits

The Group had bank balances and short-term deposits of HK$5,097 million at 31st December 2023, compared to HK$4,502 million at 31st December 2022.

Maturity Profile and Refinancing

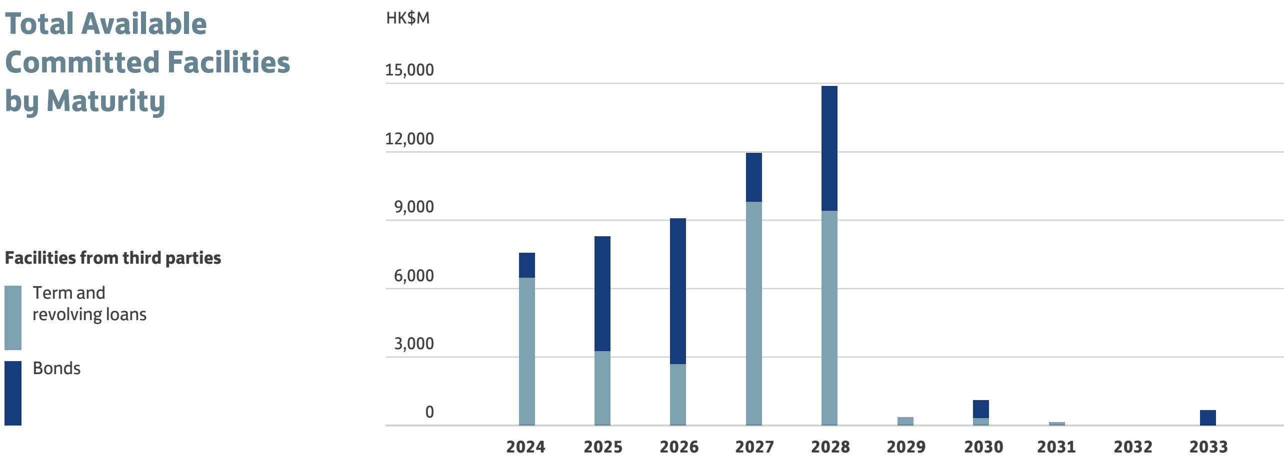
Bank loans and other borrowings are repayable on various dates up to 2033 (2022: up to 2030). The weighted average term and cost of the Group's debt are:

	2023	2022
Weighted average term of debt	3.0 years	3.9 years
Weighted average cost of debt	4.1%	3.2%

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:

	2023		2022	
	HK$M		HK$M	
Bank borrowings and bonds from third parties due				
Within 1 year	7,563	18%	700	3%
1-2 years	6,073	15%	1,875	8%
2-5 years	25,256	61%	15,195	67%
After 5 years	2,277	6%	5,065	22%
Total	41,169	100%	22,835	100%
Less: Amount due within one year included under current liabilities	7,563		700	
Amount due after one year included under non-current liabilities	33,606		22,135	

Currency Profile

Audited Financial Information

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

	2023		2022	
	HK$M		HK$M	
Currency				
Hong Kong dollars	**25,243**	**61%**	19,740	86%
United States dollars	**3,499**	**9%**	3,095	14%
Renminbi	**12,427**	**30%**	–	–
Total	**41,169**	**100%**	22,835	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:

	2023		2022	
	HK$M		HK$M	
Fixed	**27,955**	**68%**	15,061	66%
Floating	**13,386**	**32%**	7,919	34%
Sub-total	**41,341**	**100%**	22,980	100%
Less: Unamortised loan fee	**172**		145	
Total	**41,169**		22,835	

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 2023	**13,277**	**3,301**	**23,122**	**1,469**	**41,169**
At 31st December 2022	7,811	200	9,759	5,065	22,835

Audited Financial Information *(continued)*

Interest charged and earned during the year was as follows:

	2023 HK$M	2022 HK$M
Interest charged on:		
Bank loans and overdrafts	743	158
Bonds	614	559
Interest-bearing advances from joint venture companies	2	16
Lease liabilities	21	19
Net fair value (gains)/losses on derivative instruments		
Cash flow hedges – transferred from other comprehensive income	(41)	(13)
Cross-currency swaps not qualifying as hedges	1	1
Other financing costs	125	109
	1,465	849
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	53	66
Capitalised on:		
Investment properties	(510)	(370)
Properties for sale	(270)	(186)
	738	359
Interest income on:		
Short-term deposits and bank balances	(64)	(105)
Loans to joint venture and associated companies	(136)	(51)
Others	(18)	(16)
	(218)	(172)
Net finance charges	520	187

The capitalised interest rates on funds both borrowed generally and used for the development of investment properties and properties for sale were between 3.2% and 6.2% per annum (2022: 2.9% and 3.7% per annum).

The amount transferred from other comprehensive income in respect of cash flow hedges in 2023 includes HK$12 million (2022: HK$12 million) relating to currency basis.

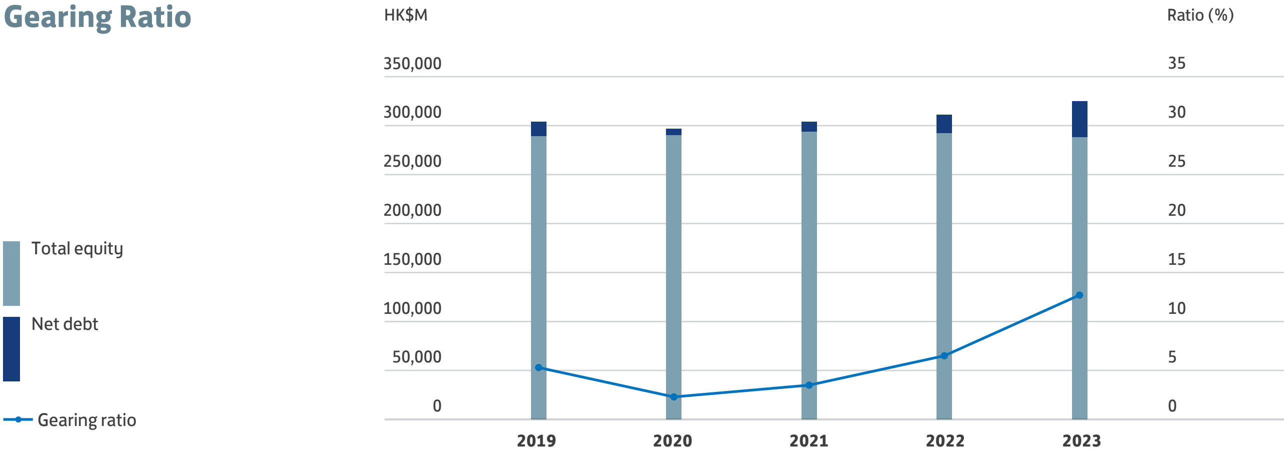
The interest rates per annum (after cross-currency and interest rate swaps) at 31st December were as follows:

	2023			2022	
	HKD %	RMB %	USD %	HKD %	USD %
Long-term loans and bonds	2.4-6.6	3.0-3.9	6.1-6.3	2.3-5.7	5.1-5.2

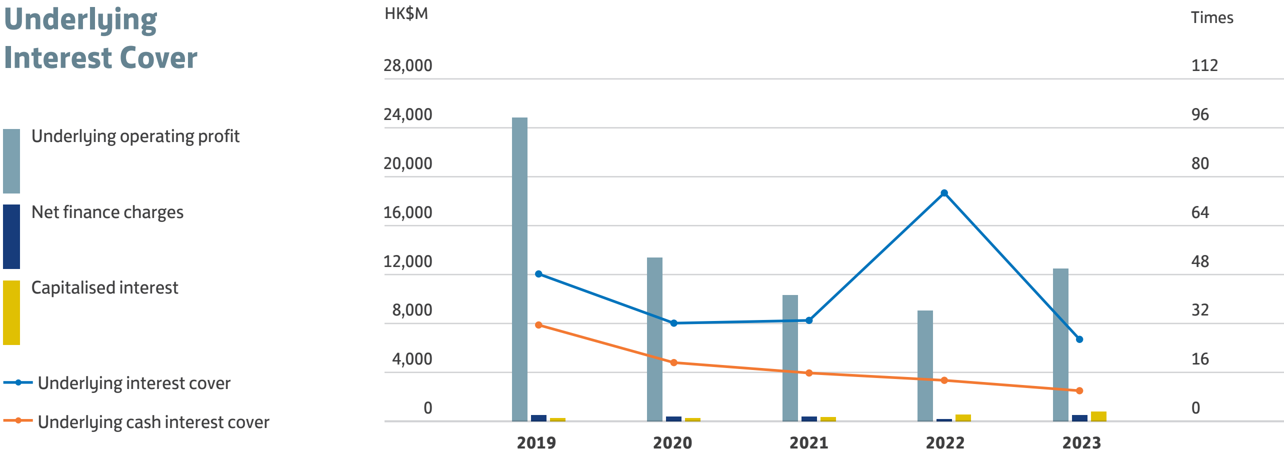
Gearing Ratio and Interest Cover

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

Gearing Ratio



Underlying Interest Cover



	2023	2022
Gearing ratio [(1)]	**12.7%**	6.5%
Interest cover – times [(1)]		
Per financial statements	**10.0**	48.3
Underlying	**26.8**	74.7
Cash interest cover – times [(1)]		
Per financial statements	**4.0**	12.1
Underlying	**10.0**	13.4

(1) Refer to Glossary on page 223 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.

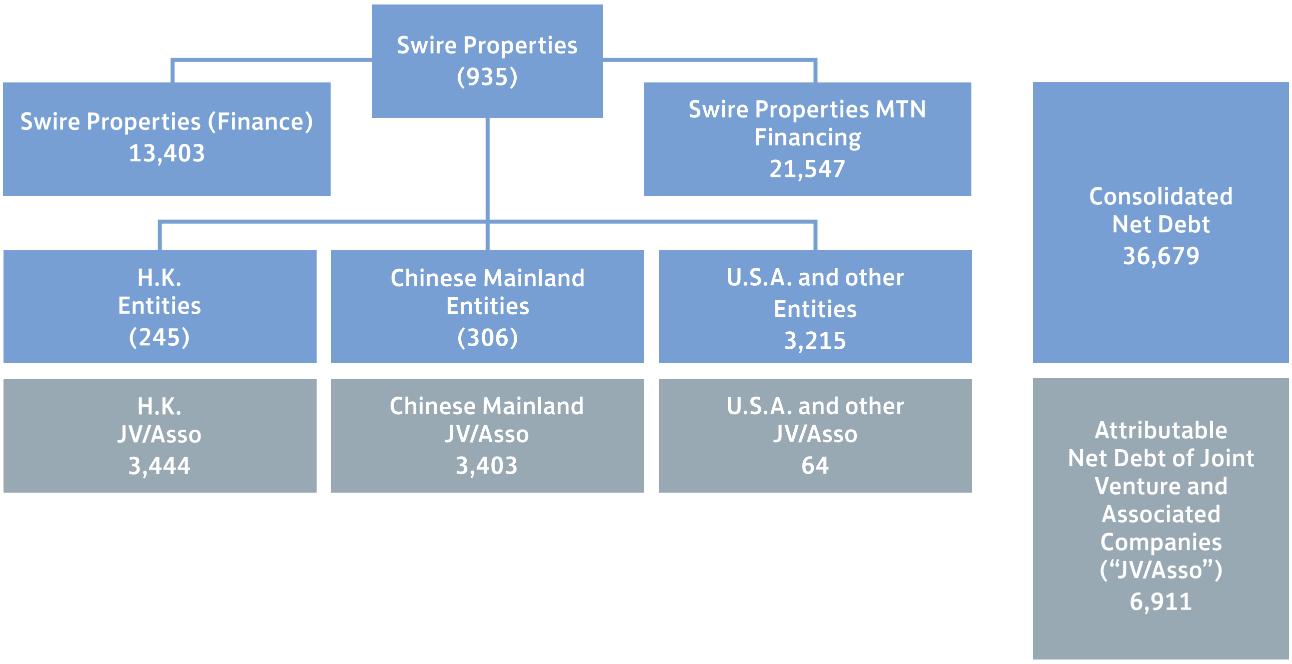
In order to maintain or adjust the gearing ratio, the Group may adjust the amount of dividends paid to shareholders, repurchase shares, raise new debt financing or sell assets to reduce debt. The gearing ratios at 31st December 2023 and 31st December 2022 were as follows:

	2023 HK$M	2022 HK$M
Total borrowings	**41,169**	22,835
Lease liabilities	**607**	614
Less: Short-term deposits and bank balances	**5,097**	4,502
Net debt	**36,679**	18,947
Total equity	**288,149**	292,258
Gearing ratio	**12.7%**	6.5%

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 2023 and 2022:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by the Group	
	2023 HK$M	2022 HK$M	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M
Hong Kong Entities	**10,228**	10,402	**3,444**	3,472	**2,408**	2,408
Chinese Mainland Entities	**7,042**	15,171	**3,403**	7,532	**1,449**	1,203
U.S.A. and other Entities	**86**	542	**64**	461	**139**	570
Total	**17,356**	26,115	**6,911**	11,465	**3,996**	4,181

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 15.1%.

TAIKOO PLACE, HONG KONG

CORPORATE GOVERNANCE & SUSTAINABILITY

CORPORATE GOVERNANCE

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 Sustainability Report 2023 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 C1 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 105 to 106), the Nomination Committee (see pages 102 to 103) and the Remuneration Committee (see page 103).

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.

Guy 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

Tim 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 ten 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.

Tim Blackburn, Guy Bradley, Fanny Lung, Mabelle Ma, Martin Murray and Richard Sell are directors and/or employees of the John Swire & Sons Limited ("Swire") group. Adam Fenwick and Merlin Swire are shareholders, directors and/or employees of and Raymond 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.

Five of the ten Non-Executive Directors are Independent Non-Executive Directors, which represents at least one-third of the Board of Directors.

Board Independence

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.

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

Confirmation has been received from all Independent Non-Executive Directors that they are independent as regards the factors in Rule 3.13 of the Listing Rules. None of them holds cross-directorships or has significant links with other Directors through involvements in other companies or bodies. The Board considers that all of the Independent Non-Executive Directors are independent in character and judgement.

Spencer 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. Spencer 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. During his tenure, Spencer Fung was not involved in the daily management of the Company nor in any relationship or circumstances which would materially interfere with his exercise of independent judgement. He has not held any interests in the shares of the Company. He has demonstrated strong independence by providing impartial views and exercising independent judgment at Board and Board committee meetings. Drawing upon experience and skills acquired through his other directorships and offices, he is also capable of bringing fresh and objective perspectives to the Board. The Board believes that his detailed knowledge 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.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-Executive Directors to be independent as regards the factors in Rule 3.13 of the Listing Rules.

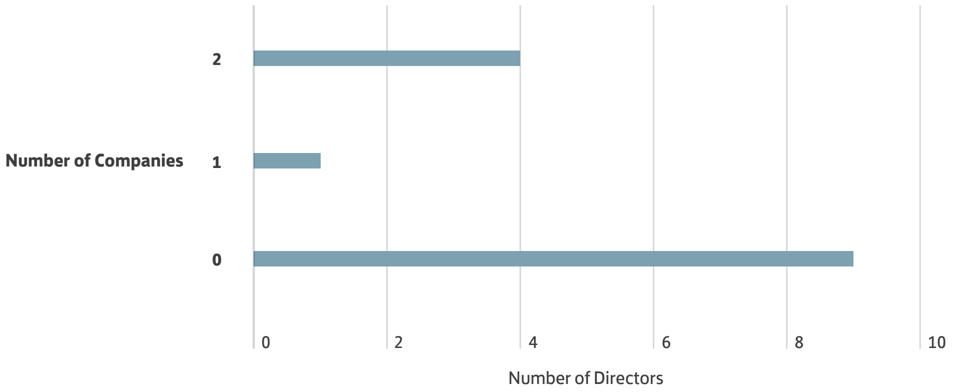
Responsibilities of Directors

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
- 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.

OTHER LISTED COMPANY DIRECTORSHIP(S)



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 2023.

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 2023 Board meetings were determined in 2022 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.

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.

Directors meet at least once annually to discuss the Company's strategy, including investment and divestment plans and other strategic initiatives. The strategy session also serves as a platform 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.

Board Activities

The Board met six times in 2023, including a strategy session. The attendance of individual Directors at meetings of the Board and its committees is set out in the table below. Attendance at Board meetings was 100%. All Directors attended Board meetings in person or through electronic means of communication during the year.

	Meetings Attended/Held					Continuous Professional Development
Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	2023 Annual General Meeting	Type of Training (Notes)
Executive Directors						
Guy Bradley – Chairman	6/6				√	A, B
Tim Blackburn	6/6				√	A, B
Fanny Lung	6/6				√	A, B
Mabelle Ma	6/6				√	A, B
Non-Executive Directors						
Adam Fenwick	6/6		1/1	2/2	√	A, B
Raymond Lim	6/6				√	A, B
Martin Murray	6/6	4/4			√	A, B
Richard Sell (appointed on 17th October 2023)	1/1				N/A	A, B
Merlin Swire	6/6				√	A, B
Independent Non-Executive Directors						
Lily Cheng	6/6	4/4			√	A, B
Thomas Choi	6/6		1/1	2/2	√	A, B
Spencer Fung	6/6		1/1	2/2	√	A, B
Jinlong Wang (retired on 9th May 2023)	2/2				X	A
May Wu	6/6	4/4			√	A, B
Angela Zhu (appointed on 9th May 2023)	4/4				N/A	A, B
Average attendance	100%	100%	100%	100%	92%	

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

Key areas of activities of the Board during the year are summarised below.

Leadership and People	• Reviewed the structure, size, composition of the Board and the independence of the INEDs • Discussed updates from the Nomination Committee on matters including the Company's progress in achieving measurable objectives on board diversity, updates on employee diversity and the implementation and effectiveness of the Group's diversity policy • Considered and approved the recommendations from the Nomination Committee on re-election of Directors at the 2023 Annual General Meeting • Discussed updates from the Remuneration Committee on matters including compensation of the Executive Directors and senior management of the Company, gender pay equity and CEO pay ratio of the Group
Strategy	• Discussed the Group's 10-year plan regarding its 2024-2033 business strategies and projections • Discussed the Group's investment and divestment strategies • Considered and approved the Group's investments, acquisitions or disposals, overall portfolio direction and investment plans, capital allocation strategy and growth objectives • Reviewed the Group's progress under the HK$100 billion investment plan • Discussed updates on the Group's geographic portfolio and macro-economic developments
Financial and Business Performance	• Reviewed and approved the interim and annual results announcements as well as the interim and annual reports • Discussed and approved the 2023 annual budget and longer-term financial plans • Reviewed business updates and operating results of the Group, its operating environment and performance outlook • Reviewed implementation status of the Group's capital allocation strategy • Discussed development progress of projects and investments • Approved and declared the second interim dividend for 2022 and the first interim dividend for 2023 • Reviewed and approved the Group's major financing arrangements and fund-raising activities

Audit, Risk Management and Internal Control	• Discussed updates from the Audit Committee on matters relating to results announcements and annual/interim reports, compliance with regulatory and statutory requirements, reviewed the effectiveness of the Company's risk management process and internal control systems, findings from GIAD, significant accounting and audit issues and codes and policies of the Company • Approved the Group's 2024 audit strategy and reviewed progress on the 2023 audit programme • Reviewed the Group's corporate risk register and key items including geopolitical risks, cybersecurity risks, sustainability-related risks and other major risks, and discussed the relevant risk management measures • Discussed the digital strategy and data governance of the Group • Reviewed the Group's health and safety performance, including its performance in meeting safety targets, hazards reporting system, safety management measures and health and well-being initiatives
Governance and Compliance	• Chairmen of the various Board committees updated the Board on their committee meetings, including key matters discussed, and issues raised in the meetings • Reviewed the continuing connected transactions conducted by the Group • Reviewed and approved regulatory announcements to be published by the Company • Reviewed updates on the Company's legal and compliance matters • Reviewed the terms of reference adopted by the Company • Received declarations of interest from Directors
Sustainability	• Reviewed and approved the Sustainable Development Report 2022 of the Company • Discussed the Group's progress towards meeting the decarbonisation and other ESG targets under SD 2030 Strategy, performance in key sustainability indices, regulatory developments towards sustainability, climate-related and other key ESG matters

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 "Corporate Governance Guide for Boards and Directors" issued by The Stock Exchange of Hong Kong Limited and other training materials on various topics, including ESG matters and regulatory updates issued by The Stock Exchange of Hong Kong Limited or external advisers. 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 C3 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 2023 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 who are appointed as independent non-executive directors, nomination from substantial shareholder and executives of the Company.

In assessing the suitability of a proposed candidate (including Directors eligible for election 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

On 4th March 2024, 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 Fanny Lung, Martin Murray, Richard Sell and Angela Zhu for recommendation to shareholders for election or re-election at the 2024 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 Angela Zhu 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 Fanny Lung, Martin Murray, Richard Sell and Angela Zhu to the Board and their firm commitment to their roles, recommended all of them for election or re-election (as the case may be) at the 2024 Annual General Meeting. The particulars of the Directors standing for election or 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

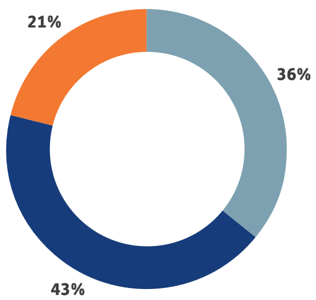
Related Industry Experience (Real Estate/Hotels/Retail)	13
Executive Leadership and Strategy	14
Relevant Market Experience	14
Accounting/Finance and Risk Management	10
Digital	9
ESG	12

out of 14 Directors

- Executive Directors
- Non-Executive Directors

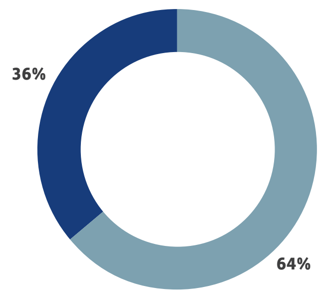
Age

- 41-50 years
- 51-60 years
- 61-70 years



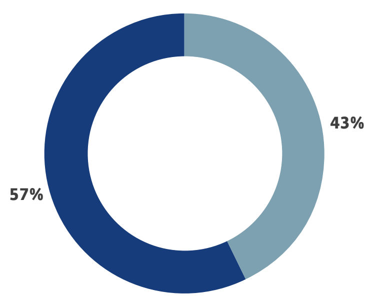
Gender

- Male
- Female



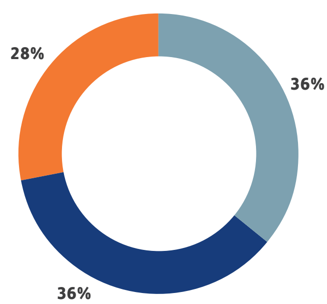
Ethnicity

- Non-Chinese
- Chinese



Years of Service as Director

- 3 years or below
- 4-9 years
- over 9 years



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 Board members, which shall be not 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 not 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 and in the Sustainability Report 2023 of the Company.

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, Spencer Fung, Thomas Choi and Adam Fenwick. Two of the Committee members are Independent Non-Executive Directors, one of whom, Spencer Fung, is Chairman. All the members served for the whole of 2023.

The terms of reference of the Nomination Committee 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 once in 2023. A summary of its work is as follows:

- 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
- reviewed the Board's target of maintaining not less than 30% of female Board members and considered it to be appropriate
- made recommendations to the Board in respect of the proposed appointments of new Directors and 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 not less than 30% of female members on the Board

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, Spencer Fung, Thomas Choi and Adam Fenwick. Two of the Committee members are Independent Non-Executive Directors, one of whom, Spencer Fung, is Chairman. All the members served for the whole of 2023.

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 2023. 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 was competitive with that paid to equivalent executives in peer group companies.

No Director takes part in the determination of his or her own remuneration.

The following fee levels have been approved by the Board:

Fee	**2023 HK$**	2024 HK$
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

Details of emoluments paid to each Director in 2023 are set out in note 9 to the financial statements.

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 105 to 106.

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.

The Company has implemented the three lines of defence model of risk governance which is designed to minimise conflicts of interest and ensure independent oversight of risk management. Details of the three lines of defence model are set out in the section of this annual report headed Risk Management.

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 Group Internal Audit Department ("GIAD") 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 GIAD is discussed further on pages 106 to 107.

Audit Committee

The Audit Committee, consisting of three Non-Executive Directors, May Wu, Lily Cheng and Martin 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, May Wu, is Chairman. All the members served for the whole of 2023.

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 four times in 2023. Regular attendees at the meetings are the Finance Director, the Financial Controller, the Group Head of Internal Audit, the Digital and IT Director 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 Group Head of Internal Audit, in each case without the presence of management. Each meeting receives written reports from the external auditors and GIAD. The external valuer (Cushman & Wakefield Limited) also attended two of the meetings.

The work of the Committee during 2023 included reviews of the following matters:

- the completeness, accuracy and integrity of formal announcements relating to the Group's performance including the 2022 annual and 2023 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 2024 annual internal audit programme and review of progress on the 2023 programme
- periodic reports from GIAD 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 107 to 108
- the Company's compliance with the CG Code
- the Company's code and policies

In 2024, the Committee has reviewed, and recommended to the Board for approval, the 2023 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 GIAD
- work programmes proposed by GIAD 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.

Group Internal Audit Department

The Swire group has had GIAD in place for 28 years. GIAD 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 the Group Head of Internal Audit in Hong Kong.

GIAD reports directly to the Audit Committee without the need to consult with management, and via the Audit Committee to the Board. GIAD 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 internal audit programme 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 GIAD 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 internal audit 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. 16 assignments were conducted for Swire Properties in 2023.

In addition, GIAD 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.

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

Audit Conclusion and Response

Copies of internal audit 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 required to provide action plans in response to internal audit recommendations, including those aimed at resolving material internal control defects. These are agreed by GIAD, 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, PricewaterhouseCoopers, 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 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, 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 and other general meetings that may be convened

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 Audit Committee reviews the implementation and effectiveness of the Shareholders' Communication Policy annually. Having considered the multiple channels of communication in place as described above, it is satisfied that the Shareholders' Communication Policy has been properly implemented and is effective.

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 9th May 2023. 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 2022
- 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 2024 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 determining the **Risk Appetite** and maintaining the **Risk Governance Structure** that facilitate the **Risk Management Process** to identify and analyse the **Risk Profile** underlying for the achievement of business objectives of the Company, and to determine 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.

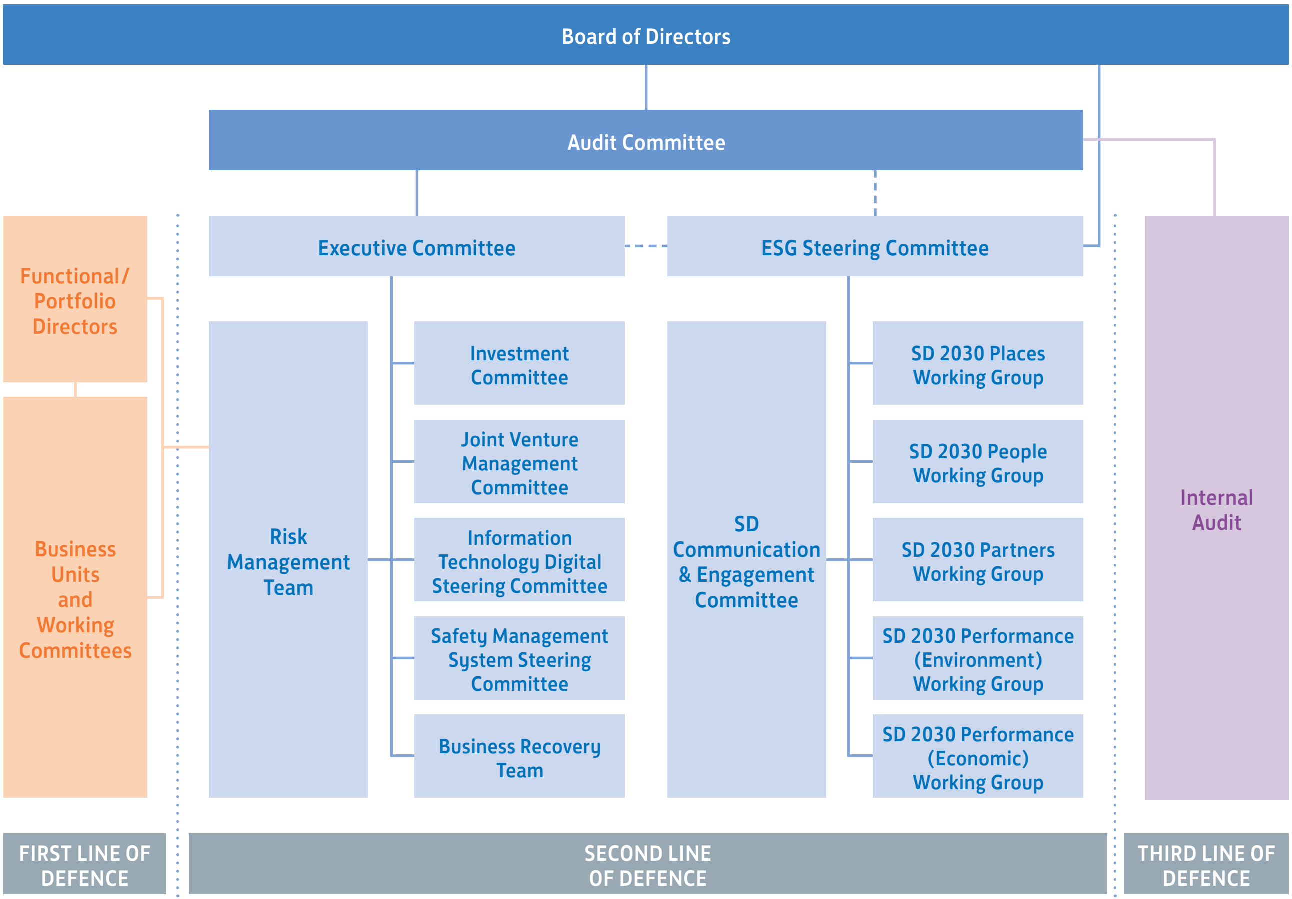
The effectiveness of the risk management process and internal control systems is subject to audit by internal audit, with support from external specialists where necessary.

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 "Group Internal Audit Department – Scope of Work" on pages 104 to 105, page 106 and page 107 respectively.

Risk Appetite

The Board acknowledges its responsibility to determine the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives whilst not exposing the Company to excessive risk of financial losses, business disruption, negative reputation, regulatory incompliance and people's health and safety. The Company has established and maintains an appropriate and effective risk management process and internal control systems to retain only risks that are manageable and at a reasonable level. In alignment with our risk appetite, the Company has established a risk assessment matrix and corporate risk register to evaluate and prioritise the key risks by taking into account of both financial and non-financial impact, as well as impact to our Sustainable Development 2030 ("SD 2030") strategy. Moreover, the Company's vulnerability and exposure to the key risks are assessed regularly to ensure that the appropriate internal controls and mitigating measures are in place for preventing and responding to any major incidents.

Risk Governance Structure



The Board has ultimate responsibility for risk management, overseeing its design and implementation. The Board is supported by the Audit Committee.

The Company has implemented the three lines of defence model of risk governance. The model is designed to minimise conflicts of interest and ensure independent oversight of risk management.

In the first line of defence, the management of each business and operating unit identifies, analyses and reports on the risks for which it is responsible. Risks are mitigated, minimised and eliminated, where practicable and economically viable. Where risk cannot be eliminated, the related economic returns are required to reflect the level of risk retained. The first line of defence is supervised by the functional heads and portfolio directors.

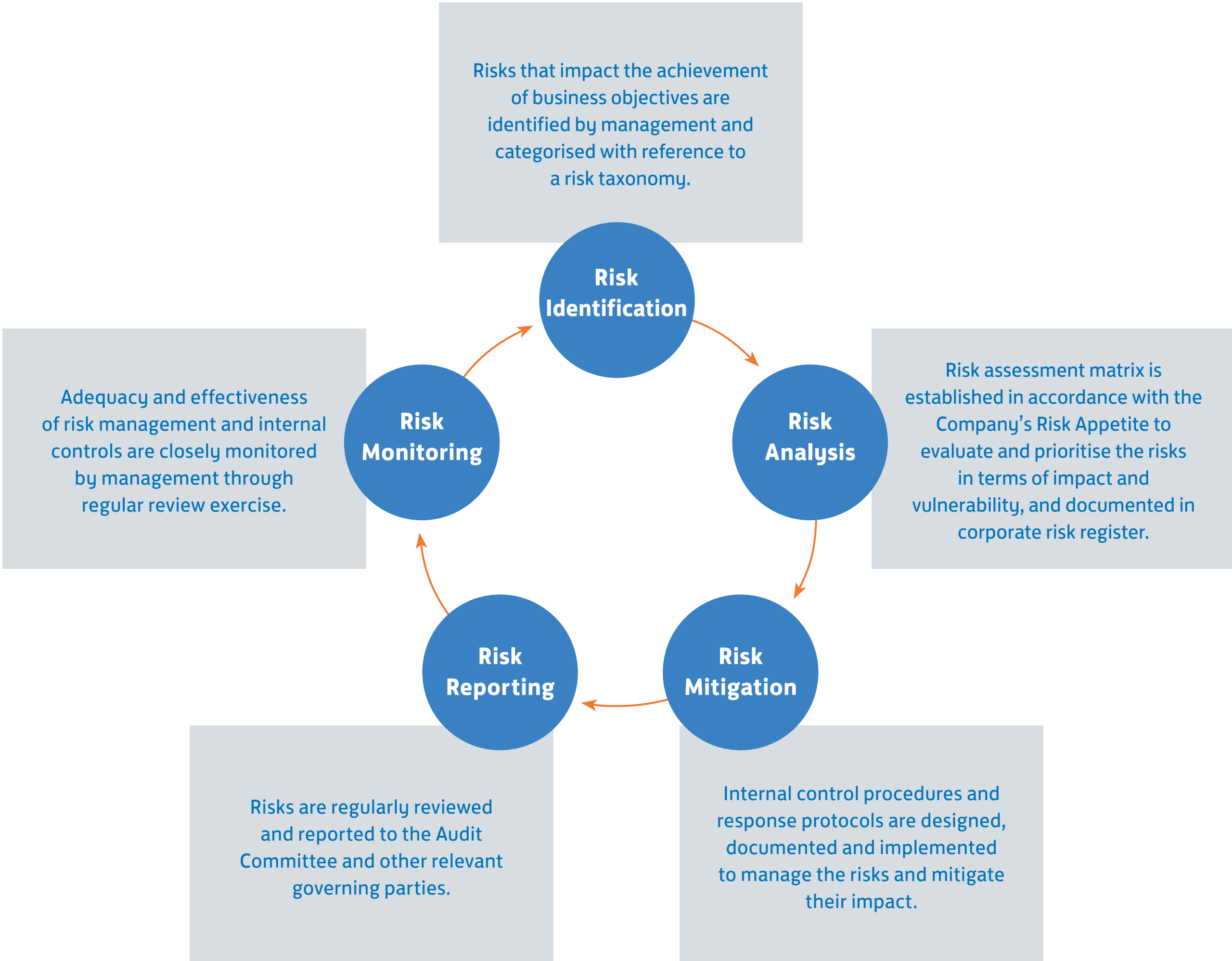
The second line of defence led by the Executive Committee ("ExCom") supports the first line and provides assurance to the Board that risk is being managed effectively. The ExCom chaired by the Chief Executive (also acting in the capacity of Executive Director) comprises two other Executive Directors and seven senior executives. It oversees all the risks to which the Company is subject and is responsible for the design, implementation and monitoring of the relevant risk management processes and internal control systems of the Company. Among the ExCom meetings, review of the corporate risk register will be periodically conducted to evaluate the Company's risk profile and exposure, to oversee the management of major risks, to identify emerging risks and to analyse risk events which materialise, with a view to their resolution and to learning from them. Sensitivity analysis or deep dive sessions on contemporary risk area such as geopolitical issues are conducted by ExCom as appropriate. Matters of significance that arise are reported as appropriate to the Audit Committee and ultimately to the Board of Directors.

ExCom is supported by committees with specialisation in respective corporate and operating functions across the Company including investment appraisal, joint venture management, health and safety, crisis management, information security and data protection. ExCom is also supported by the risk management team headed by the Finance Director. In relation to the Company's SD 2030 Strategy, the Environmental, Social and Governance ("ESG") Steering Committee has been set up and reports to the Board. ESG Steering Committee is supported by working groups to manage the ESG risks with respect to the five SD pillars: places, people, partners, environmental and economic performances; and the SD Communication & Engagement Committee to oversee the implementation of communication and engagement initiatives. The Chairman of the Audit Committee, who is also an independent non-executive director of the Company and reports to the Board, is a member of the ESG Steering Committee. Details of the responsibilities of each SD 2030 Working Groups are documented in the SD Governance section of our Sustainability Report 2023.

The third line of defence is provided by the Group Internal Audit Department to assist the Audit Committee in carrying out analysis and independent assessment of the adequacy and effectiveness of the risk management and the internal control systems through a systematic review of the processes and internal control. Details of the scope of work is set out on page 107.

Risk Management Process

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



Risk Profile

The following table provides an overview of our key risk profile (listed in alphabetical order), including what we consider to be Swire Properties' principal existing and emerging risks, possible impacts, risk trend and mitigating measures that are in place or under development. The Group's approach to financial risk management is discussed in note 2 to the financial statements.

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. Social media, in particular, is considered as a high velocity risk which, if not properly managed, may cause disproportionate negative impact on the Company's brand, image and reputation.	↔	• 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 such as extreme weather and pandemics may have adverse financial effects on the Company.	↔	• 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. • 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 2023

↓ Risk level decreased during the year 2023

↔ Risk level remained broadly the same

Existing Risks and Possible Impacts	Risk Trend	Mitigation Measures
Business risks The lack of compelling development projects may lead to a slowdown in business. Disruptive business models, technologies and demographic factors are changing the behaviour and needs of tenant rapidly, leading to a new form of demand and space design.		• Obtain suitable reserves of land, reinforce existing assets and actively explore investment opportunities especially to focus on strategic locations which will bring synergy with the existing portfolios and prime locations with strong growth prospect. • Monitor and evaluate disruptive business models, with a view to making our operations more robust. • Enhance competitiveness by increasing efficiency, using appropriate technology for customer proposition and operational procedures.
Cybersecurity and data protection Delay in the compliance of fast changing regulatory requirements, insufficient data security protection system and policies may expose the Company to cyber-attack with potential financial and reputational consequences.		• Policies on information and cyber security are in place with regular updates. • Staff trainings, incident response drills and simulation tests are conducted regularly to raise the awareness of data security across the Company. • Regular evaluation and upgrading of the latest technologies on information security. • Insurance policy for cyber and crime are in place to transfer the risk and to reduce financial losses.
Development risks Delay in the completion of developments may have an adverse financial effect by delaying the timing of property sales and leasing. Cost inflation may also lead to significant financial impact due to economic volatilities, supply chain issues and labour shortage.		• Closely work with contractors to monitor and manage construction progress to avoid delays in case of changing design and unexpected circumstances. • Stringent contractor prequalification requirements including financial position, manpower resources, resilience against geopolitical impact. • Build in contingencies for statutory approvals and communicate with government authorities on a timely basis.

Existing Risks and Possible Impacts	Risk Trend	Mitigation Measures
Political risks Changes in the global and local political landscape, policies and priorities may have significant impact on the business environment. Geopolitical risk and international tensions may impact the maintenance of the optimal portfolio mix. Any trade restrictions and international sanctions may adversely affect operating costs and tenant portfolio.	↑	• Regular review of investment strategy, business model and capital allocation in response to any impact of international tensions and geopolitical risk. • Maintain high level of sensitivities to political and social issues by closely monitoring social media and government policies with a timely response. • 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). • Conduct regular screening and monitoring on key business partners with reference to international sanctions.
Third-party risks Misaligned interests, cultural fit and reneging on commitments of joint venture partners may lead to project delays, financial and reputational impact. Changes in financial position resulting in liquidity problems, changes in leadership and stance of joint venture partners resulting in a withdrawal or reduction of their shareholdings, contribution and commitments.	↑	• Conduct proper due diligence for potential joint venture partners and perform regular assessment as to credit rating and business performance. • Ensure a robust drafting of legal documents to include dispute resolution mechanism and exit strategy. • Ensure joint venture to adopt or to develop corporate codes with the same standard as that of Swire Properties. • Maintain robust governance structure to ensure open and timely discussions with joint venture partners by means of regular board meetings with proper agendas, maintenance of financial budgets, proper documentation of actions and responsibilities, pro-active partnership management and engagement to minimise miscommunication or disputes.

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 carbon emission. • 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. • Piloting the use of internal carbon pricing ("ICP") to determine the potential impacts of carbon emissions for our investments, quantify carbon risks to our business operations and better reallocate capital towards low-carbon investment and opportunities.
Nature and biodiversity risks Deteriorating natural environment and biodiversity loss may impact material availability and adversely affect construction costs. Delay in response to growing market demand for nature-inclusive design in properties may have adverse financial effects on the Company.		• A Biodiversity policy is in place and is updated regularly. • Participate in the Taskforce on Nature-related Financial Disclosures (TNFD) to formulate a global risk management and disclosure framework and contribute to collective nature-positive goals. • Partner with university to conduct a biodiversity assessment at our Hong Kong office portfolio to evaluate the state of urban biodiversity after the completion of the redevelopment and propose measures to further enhance urban biodiversity in future developments. • Conduct screening study of our global portfolio with biodiversity indicators to define a priority list and nature profile, and to identify the dependencies and impacts on natural assets and ecosystem services. • Explore opportunities to integrate nature-based solutions in future new development projects to further enhance urban biodiversity, increase climate resilience and promote tenant wellbeing.

DIRECTORS AND OFFICERS

Executive Directors

BRADLEY, Guy Martin Coutts, JP, aged 58, 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 53, 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 57, 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 56, 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 63, 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 64, 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 57, 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.

SELL, Richard Lawrence, aged 47, has been a Director of the Company since October 2023. He is also a Director of John Swire & Sons (H.K.) Limited, the Chief Executive Officer of Hong Kong Aircraft Engineering Company Limited and a Director of Hong Kong Aero Engine Services Limited. He was the Chief Executive Officer of Hong Kong Aero Engine Services Limited from July 2021 to June 2023. He joined the Swire group in 1999 and has worked with the group in the Hong Kong SAR, Singapore, India and Europe.

SWIRE, Merlin Bingham, aged 50, has been a Director of the Company since January 2009. He is also Deputy Chairman, Chief Executive Officer 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 45, 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 Advisor 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. Ms. Cheng will be appointed as an Independent Non-Executive Director of Cathay Pacific Airways Limited with effect from 20th May 2024. 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 68, 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 50, has been a Director of the Company since December 2012. He is Group Executive Chairman of Li & Fung. Prior to Li & Fung, Mr. Fung co-founded an eCommerce startup HelloAsia in Silicon Valley and was a manager in the Audit and Assurance team at PricewaterhouseCoopers. 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.

WU, May Yihong, aged 56, has been a Director of the Company since May 2017. She is an Independent Director of Noah Holdings Limited, the Chairwoman of its Compensation Committee and a member of its Audit Committee and Corporate Governance and Nomination Committee. Ms. Wu is also an Independent Non-Executive Director of Alibaba Health Information Technology Limited, the Chairwoman of its Audit Committee and a member of its Nomination Committee and Remuneration Committee. She is also an Executive Director of Shanghai Sunnyview Eldercare Company Limited. She was Board Advisor of Homeinns Hotel Group from 2019 to 2023, its Chief Strategy Officer from 2010 to 2019 and its Chief Financial Officer from 2006 to 2010.

ZHU, Changlai Angela, aged 48, has been a Director of the Company since May 2023. She is the founder and Chief Executive Officer of Shanghai Dechang E-commerce Co., Ltd., trading as Chapter Home, a home lifestyle brand in the Chinese Mainland. She was a consultant and an Executive in Residence at Warburg Pincus Asia LLC, specialising in the consumer retail sector, and a Non-Executive Director of the Southeast Asia Retail Board of IKANO Pte Ltd from 2021 to 2022. Prior to these roles, she worked for the IKEA Group from 1996 to 2021 and held various positions including Global Commercial Director of IKEA Retail Services AB from 2018 to 2021 and Chief Executive Officer of China of IKEA (China) Investment Co., Ltd. from 2013 to 2018.

Company Secretary

LOMAS, Bernadette Mak, aged 58, 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 May Wu (committee chairman), Lily Cheng and Martin Murray.
2. The Nomination Committee comprises Spencer Fung (committee chairman), Thomas Choi and Adam Fenwick.
3. The Remuneration Committee comprises Spencer Fung (committee chairman), Thomas Choi and Adam Fenwick.
4. Tim Blackburn, Guy Bradley, Fanny Lung, Mabelle Ma, Martin Murray, Richard Sell and Merlin Swire are employees of the John Swire & Sons Limited group.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31st December 2023, which are set out on pages 142 to 210.

Principal Activities

The principal activities of Swire Properties Limited and its subsidiaries (collectively referred to as the "Group") 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 208 to 210. 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$0.72 per share which, together with the first interim dividend of HK$0.33 per share paid in October 2023, amount to full year dividend of HK$1.05 (2022: HK$1.00) per share. The second interim dividend will be paid on Thursday, 2nd May 2024 to shareholders registered at the close of business on the record date, being Friday, 5th April 2024. Shares of the Company will be traded ex-dividend as from Tuesday, 2nd April 2024.

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 Friday, 5th April 2024, 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 Wednesday, 3rd April 2024.

To facilitate the processing of proxy voting for the annual general meeting to be held on 7th May 2024, the register of members will be closed from 2nd May 2024 to 7th May 2024, 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 Tuesday, 30th April 2024.

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 Sustainability Report 2023 of the Company.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in notes 34 and 35 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 2023, 5,850,000,000 shares were in issue (31st December 2022: 5,850,000,000 shares). Details of the movement of share capital are set out in note 33 to the financial statements.

Accounting Policies

The material 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 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 C1 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 C2 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$39 million and donations towards various scholarships of HK$0.3 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 (96% 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 2023. This valuation resulted in a decrease of HK$2,829 million (2022: an increase of HK$801 million) in the carrying value of the investment property portfolio. Such decrease was principally due to the decrease in the fair value gain on the retail investment properties in the Chinese Mainland and the fair value loss on the investment properties under development (as opposed to a fair value gain for 2022).

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

Angela Zhu was appointed as a Director with effect from the conclusion of the Company's 2023 annual general meeting held on 9th May 2023 ("2023 AGM") and Richard Sell was appointed as a Director with effect from 17th October 2023. All the other Directors of the Company whose names are listed in the section of this annual report headed Directors and Officers served throughout the calendar year 2023. Jinlong Wang retired as a Director with effect from the conclusion of the Company's 2023 AGM.

Independence Confirmation

All of the Independent Non-Executive Directors (listed in the section of this annual report headed Directors and Officers) has confirmed their independence as regards the factors in Rule 3.13 of the Listing Rules and the Company 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, Fanny Lung and Martin Murray retire this year and, being eligible, offer themselves for re-election. Richard Sell and Angela Zhu, having been appointed to the Board under Article 91 since the last annual general meeting, also retire this year and offer themselves for 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 2023, 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						
Lily Cheng	1,000	–	–	1,000	0.00002	
Merlin Swire	–	–	1,148,812	1,148,812	0.01964	(1)

	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						
Adam Fenwick	–	–	3,136,000	3,136,000	3.14	(2)
Merlin Swire	2,193,550	630,000	20,175,819	22,999,369	23.00	(3)
8% Cum. Preference Shares of £1						
Adam Fenwick	–	–	2,822,400	2,822,400	3.14	(2)
Merlin Swire	3,966,125	–	16,917,930	20,884,055	23.20	(3)

	Capacity					
	Beneficial Interest					
	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Voting Shares (comprised in the class) (%)	Note
Swire Pacific Limited						
'A' shares						
Lily Cheng	10,000	–	–	10,000	0.0012	
Merlin Swire	180,000	–	301,000	481,000	0.0561	(1)
'B' shares						
Merlin Swire	390,000	–	3,024,617	3,414,617	0.1168	(3)

Notes:

(1) All ordinary shares in Swire Properties Limited and 'A' shares in Swire Pacific Limited held by Merlin 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.

(2) Adam 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.

(3) Merlin Swire was a trustee and/or a potential beneficiary of trusts which held 8,852,483 ordinary shares and 6,705,528 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. Merlin 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.

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 2023 or during the period from 1st January 2024 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 2023 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	Note
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 60.31% of the equity of Swire Pacific Limited and controlling 68.13% of the voting rights attached to shares in Swire Pacific Limited.

Public Float

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 2023, 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 2023 are given in note 40 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 2023, the aggregate rentals payable to the Group under tenancies subject to the Tenancy Framework Agreement totalled HK$148 million.

At 31st December 2023, the Swire group was interested in 60.31% of the equity of Swire Pacific and controlled 68.13% 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, Tim Blackburn, Guy Bradley, Raymond Lim, Fanny Lung, Martin Murray and Richard Sell are interested in the Services Agreement and the Tenancy Framework Agreement. Adam Fenwick and Merlin Swire are so interested as shareholders, directors and/or employees of the Swire group.

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) 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.

(b) Investment in Property Development in the Pudong New Area in Shanghai

On 28th September 2023, (1) Elegant Ocean Limited ("Elegant Ocean"), a wholly-owned subsidiary of the Company, acquired 40% equity interest in Shanghai Dongmao Real Estate Limited* (上海東袤置業有限公司) ("Dongmao") at a consideration of RMB6,594.23 million (the "Dongmao Transaction"), which resulted in Dongmao becoming a 60:40 joint venture between Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd.* (上海陸家嘴金融貿易區開發股份有限公司) ("Lujiazui Development") and Elegant Ocean; and (2) United Hill Limited ("United Hill"), a wholly-owned subsidiary of the Company, acquired 40% equity interest in Shanghai Yaolong Investment Limited* (上海耀龍投資有限公司) ("Yaolong") at a consideration of RMB3,115.74 million (the "Yaolong Transaction"), which resulted in Yaolong becoming a 60:40 joint venture between Lujiazui Development and United Hill. Dongmao and Yaolong will be principally engaged in the construction and development of plots of land in the Pudong New Area in Shanghai and the sales, leasing, operation and management of the property development on the plots of land. The Dongmao Transaction and the Yaolong Transaction together constitute a discloseable transaction for the Company under the Listing Rules, in respect of which an announcement dated 28th September 2023 was published.

(c) Sale of Certain Office Floors of One Island East

On 17th November 2023, Cityplaza Holdings Limited, a wholly-owned subsidiary of the Company, entered into sale and purchase agreements with the Securities and Futures Commission for the sale and purchase of the 42nd to 54th floors (excluding the 49th floor) of the building known as "One Island East" located at No. 18 Westlands Road, Quarry Bay, Hong Kong for a total consideration of HK$5.4 billion. The transaction constituted a discloseable transaction for the Company under the Listing Rules, in respect of which an announcement dated 17th November 2023 was published. The transaction in respect of the 45th to 54th floors (excluding the 49th floors) was completed on 21st December 2023.

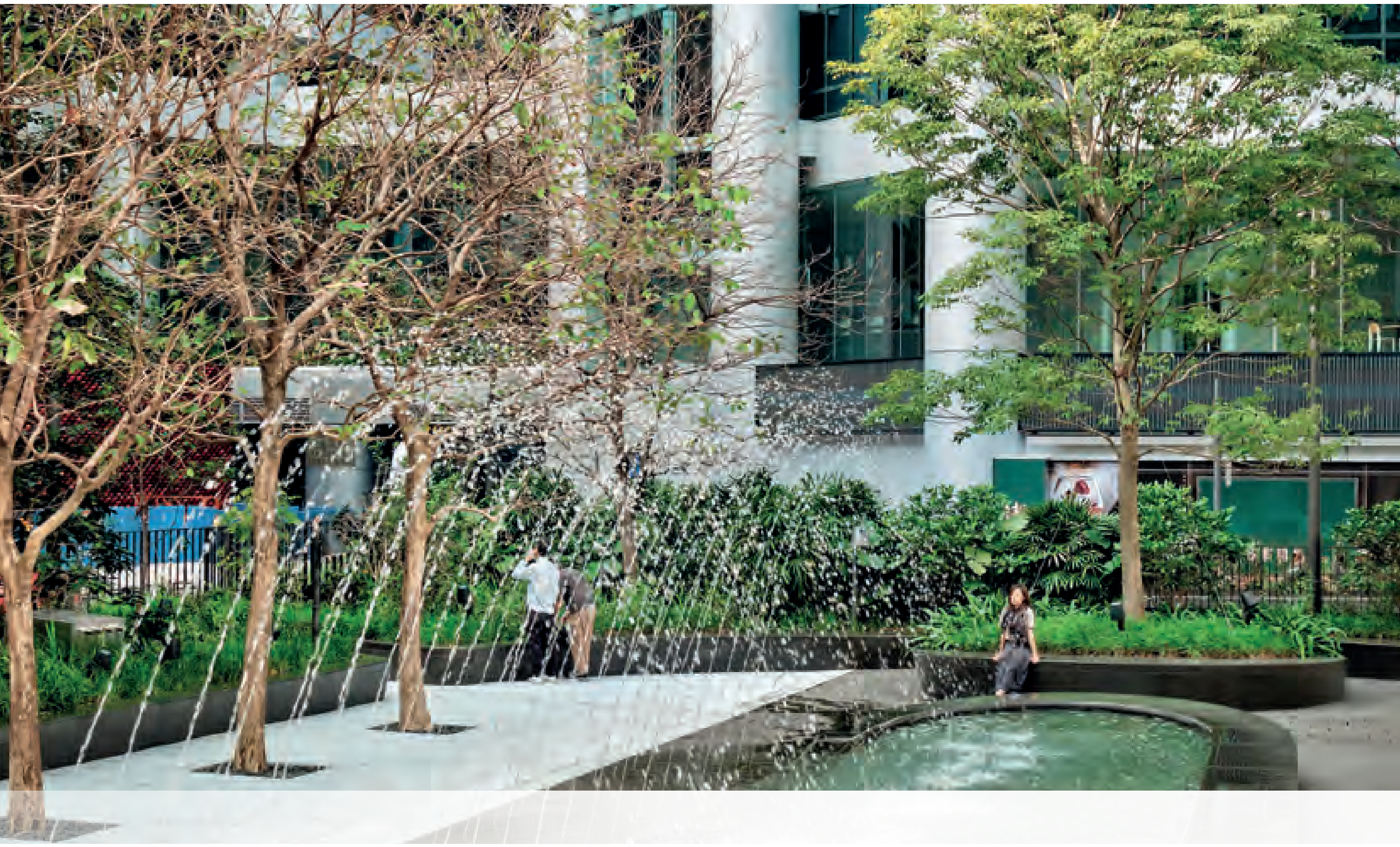
* For identification purpose only

On behalf of the Board

Guy Bradley
Chairman
Hong Kong, 14th March 2024

SUSTAINABLE DEVELOPMENT

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



In 2023, 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:

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

The details of our 2025 and 2030 targets and SD initiatives can be found in our Sustainability Report 2023.

Rolled out the fourth edition of the "Sustainability We All Count" with a new theme, "For Our Future"

Hong Kong

Provided on-site rental tableware to reduce single-use plastic waste at White Christmas Street Fair 2023

Hong Kong

Sustainability We All Count – For Our Future

In December 2023, we launched the fourth iteration of "Sustainability We All Count" featuring a new theme – "For Our Future", to showcase Swire Properties' three key SD dimensions: biodiversity, innovation, and wellbeing. The year-long campaign calls for action and features stories of our SD endeavours and notable achievements, and an array of engaging online and offline programmes to promote our vision in sustainability and commitment to fighting climate change.

Places

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

Youth Engagement & White Christmas Street Fair 2023

In 2023, ten university students were mentored by Swire Properties' senior management, industry experts and thought leaders, as part of the Swire Properties Placemaking Academy ("SPPA"). In addition, the new Placemaking Academy Junior Programme was launched in the same year in collaboration with the E-League Programme by the Eastern District Office of the Home Affairs Department. The university students designed, planned and executed the White Christmas Street Fair 2023, which featured the theme "CHOCOLAND!"; while the seven Junior Programme secondary school students created an interactive digital map, an original theme song and musical performances for the Street Fair.

To reinforce our commitment to sustainable development, the SPPA designed the Street Fair with innovative waste reduction initiatives. These included on-site rental tableware to reduce single-use plastic waste; digital coupons to minimise paper waste, and a water-soluble and biodegradable packaging for a souvenir.

In 2023, through careful planning in terms of the design and event installations, the Street Fair achieved a waste diversion rate of 95% from landfills, up from 91% in 2022. The event also supported the SCMP-led Operation Santa Claus – raising approximately HK$1 million this year and bringing the total amount raised over the past 11 years to over HK$9 million.

Quarryside Summer Fest

In August, we partnered with the Eastern District Office of Home Affairs Department and St. James' Settlement to host the three-day "Quarryside Summer Fest", the first community festive event at Quarryside and one of the supporting events under the HKSAR Government's "Happy Hong Kong" initiative. Free arts and cultural activities were organised, and Swire Properties as the Community Sponsor partnered with F&B outlets in the district to provide exclusive offers. The event attracted approximately 4,500 people.

Operated by St. James' Settlement, Quarryside is a vibrant leisure space for community-led creative initiatives. It was launched in June 2023 and we provided consultancy support on the design, construction and operation for this community space at Quarry Bay's harbourfront.

Over 1,500 footfalls with tenant participation rate of 40% joined Tong Chong Street Market 2023 Beer Festival

Hong Kong

Brickell City Centre continued to embrace diversity, equity, and inclusion through vibrant celebrations

U.S.A.

Supporting Arts and Culture in Hong Kong

Swire Properties Arts Month returned in March 2023, which also marked the 11th year of collaboration between Swire Properties and Art Basel Hong Kong. Art Basel Hong Kong also debuted an art installation from the *Encounters* sector at Pacific Place, marking the collection's first foray into the public realm outside of the fair. Also part of Arts Month was *ArtisTree Selects: Urban Rocks exhibition*, where Hong Kong-based French artist Polo Bourieau launched his collection of 12 stone sculptures at ArtisTree in Taikoo Place.

In June 2023, the international tour of the Victoria and Albert Museum London's critically-acclaimed exhibition – *"Bags: Inside Out"*, marked its grand finale at Pacific Place, after touring at the Company's Chinese Mainland malls in Beijing, Shanghai, Guangzhou and Chengdu. The exhibition showcased 240 objects dating as far back as the 16th century and was displayed in a museum-grade event space and with free admission for the public.

Street Market

The Tong Chong Street Market 2023 Beer Festival took place at the new Taikoo Garden for the first time in October and featured 70 types of beer from 15 carefully handpicked local brewers. The event attracted over 1,500 footfalls with tenant participation rate of 40%.

Tapestry of Diversity and Inclusion Celebrations in the U.S.A.

Brickell City Centre continued to demonstrate its commitment to diversity, equity and inclusion, as it celebrated Black History Month at the annual "Diversity of the African Diaspora" – a partnership with South Florida People of Color that brought 2,000 people to the Centre and generated 58,000 impressions on social media.

In addition, the Centre partnered with Miami Hispanic Cultural Arts Center and Cuban Classical Ballet of Miami to present an enriching performing arts programme namely "Herencia" to celebrate the Hispanic Heritage Month; and partnered with O Miami, Equinox, Chambord and the Miami Children's Museum to celebrate Pride Month through "Beyond the Rainbow".

In collaboration with Sortworthy, a Florida-based startup that turns textiles in sellable second-hand goods, Brickell City Centre arranged a drive that collected 483 pounds of textiles and shoes to be recycled.

People

The contributions of our employees are critical to our success.

Employees

Swire Properties employs around 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.

Successfully launched the companywide 2023-2025 Health and Safety Roadmap, further reinforcing our Zero Harm Commitment

Hong Kong and Chinese Mainland

BOOKS FOR LOVE @ $10 mobilised a team of 6,000 volunteers to raise a fund of HK$1,147,950

Hong Kong

In 2023, we offered more than 154,000 hours of training and development in the areas of 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 2023, 41.9% of our workforce is female.

Health & Safety

In 2023, we continued to make progress towards our Zero Harm commitment with year-on-year reductions in lost time injuries and the number of lost days. Overall, the lost time injury rate and lost day rate improved by 9.2% and 27.4% respectively compared to 2022.

In 2023, we successfully launched the company-wide 2023-25 Health and Safety Roadmap to clearly define the priorities, approach and objectives for Health and Safety (H&S) over the next three years. The four core elements of the roadmap are:

- Design for Safety – included in the Company's Development Charter which aims to remove hazards from the workplace via a structured multi-disciplined approach to H&S and maintainability considerations during the planning and design stages of projects.
- Deep Dive Safety Inspection Programme – to inspect 110 buildings and facilities across the Company to identify and remove or mitigate serious hazards. Over 60 inspections were conducted in 2023.
- Life Saving Rules Campaign – delivered to frontline teams focusing on raising awareness and preventative actions in terms of potential fatal hazards associated with their activities.
- High Potential Near Miss Investigations – introduced to identify the contributing factors and root causes of serious near miss incidents with the aim of preventing recurrence via corrective actions and lessons sharing.

We continued to collaborate with our contractors to adopt cutting-edge technologies to improve site safety during the construction stage of our new projects. These include a trial of a semi-autonomous ceiling drilling robot at the Six Pacific Place project. Smart cloud-based construction monitoring platforms will be adopted for the Chai Wan residential project in Hong Kong, as well as the Xi'an and Sanya projects in the Chinese Mainland.

Our commitment to H&S was recognised at several industry awards including the Six Pacific Place project and Gammon, as general contractor, won the Gold Award for the second consecutive year at the Considerate Contractors Site Award Scheme 2023, organised by the Construction Industry Council and Development Bureau. Under the alteration and additions (A&A) works category, PCCW Tower and Dorset House received Merit Awards. Our Health & Safety training programme won the Award for Excellence in Training and Development organised by The Hong Kong Management Association.

The second edition of youth-learning initiative "Bi-city Youth Cultural Leadership Programme"

Hong Kong and Chinese Mainland

Green Kitchen Initiative hits a major milestone and welcomed its 100th family member

Hong Kong

Volunteering

Our Community Ambassador team plays a crucial role in creating connections with our communities. In 2023, 2,185 Community Ambassadors in Hong Kong contributed a total of 7,544 hours of service from 48 community engagement activities.

Celebrating its decade of remarkable achievement, the signature initiative "BOOKS FOR LOVE @ $10" mobilised a team of 6,000 volunteers and attracted over 40,000 book lovers during the eight-day physical event at Taikoo Place. In addition to the one-month online pre-sale, the initiative raised a total of HK$1,147,950 for the two long-term charity partners.

Together We Care for Stroke – a collaborative exhibition with health experts from HKU Stroke, two charities and a local illustrator – took place over three days at Cityplaza. The exhibition aimed to educate and raise awareness within the community about stroke prevention, particularly the increasing occurrence of stroke among younger generations.

In the Chinese Mainland, 1,403 Ambassadors contributed 3,140 hours of service. In May, the cross-city Community Ambassador team comprising members from Hong Kong and cities across the Chinese Mainland participated in the four-day programme "Helping the Youth, Harmony in Diversity" in Chengdu, providing tailored volunteer services and workshops to university students from the Yi ethnic group, individuals recovering from mental illnesses, rural children and students from a non-profit vocational school.

This year, we continued to support to the "Walk for Love" programme. Over 900 Community Ambassadors participated in this annual event and raised 562 personal hygiene kits for boarding students at a primary school.

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 have our supplier code of conduct to address 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. To effectively manage our supplier sustainability risks and help realise our net-zero commitment, we deployed a supply chain ESG assessment platform this year to track sustainability performance and carbon emissions of suppliers. In 2023, HK$559 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 31 December 2023, these audits covered approximately 7 million square feet of tenanted area.

The newly launched "GPP Academy" aimed to enhance office tenants' sustainability performance through curated learning experiences

Hong Kong

Raised over HK$310,000 at Corporate Wellness Challenge: 8-Hour Charity Spin

Hong Kong

As at December 2023, 107 F&B tenants received Green Kitchen Awards in Hong Kong and the Chinese Mainland. By installing energy-efficient and water-efficient kitchen appliances and well-designed ventilation systems together with proper waste recycling, these tenants have saved energy and water, reduced waste and improved the kitchen environment.

We collaborate with office tenants through our Green Performance Pledge ("GPP") in terms of fit-out and operations – to improve energy, water and waste performance. We aim to have 50% of office tenants sign the GPP by 2025. As at December 2023, 90 tenants, occupying 41% of office lettable floor area ("LFA"), have signed up. GPP Award Presentation Ceremonies were held in Hong Kong and the Chinese Mainland to celebrate participants' achievements. We also launched the GPP Academy in Hong Kong, a three-year collaboration with the Business Environment Council ("BEC") that will feature quarterly workshops to enhance tenants' capabilities to improve sustainability performance.

PROJECT AFTER 6

We hosted eleven musicals for over 900 footfalls, including tenants' staff; and attracted over 8,000 footfalls during 14 live music performances.

Workout x Lunch

Over 200 participants from 59 tenant companies at Taikoo Place took part in the fitness workshops which offered high intensity full-body workouts, core training, yoga, stretching and indoor golf. More than 550 office executives from 12 tenant companies took part in the "Corporate Wellness Challenge: 8-Hour Charity Spin". The event raised over HK$310,000 for the InspiringHK Sports Foundation, of which HK$150,000 was donated by Swire Properties.

Performance (Environment)

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

Climate Change

In 2023, 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, we achieved a 29% 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.

We continue to adopt a whole-lifecycle carbon management approach at our developments, including the Company's latest project, Taikoo Li Xi'an. The project will employ low carbon construction materials and low-carbon energy use strategies to reduce emissions from construction to operations. Notably, the electrification of the space heating system and use of a low-carbon ground source heat pump system can provide up to 60% of the project's annual heating demand.

Taikoo Li Xi'an adopts a whole building lifecycle carbon management approach, driving operational net-zero through ground source heat pump innovation

Chinese Mainland

Swire Properties establishes itself as a high achiever with 17 of its buildings certified under the Zero-Carbon-Ready Building Certification Scheme

Hong Kong

Energy

In 2023, our electricity-use intensity decreased by 12% 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 installation of oil-free chillers; installation of variable speed drives; the installation of energy valves; and the use of more energy-efficient lighting.

We continued to explore ways to increase renewable energy adoption across our portfolios. In 2023, we installed a 24.4 kW photovoltaic ("PV") system at Cambridge House. In December, we succeeded in securing 100% off-site renewable electricity for both landlord and tenant operations at Taikoo Li Sanlitun and INDIGO in Beijing for 2024.

Swire Properties' energy management efforts also have been recognised. 17 of our buildings in Hong Kong received the Hong Kong Green Building Council's newly-launched Zero-Carbon-Ready Building Certification, the most received by a developer. Six of the buildings received a "Super Low" rating on the landlord side, with two of them, One Taikoo Place and Two Pacific Place, receiving a "Super Low" rating in both the landlord and whole building categories.

Resources & Circularity

In 2023, we focused our efforts on preparing our Hong Kong commercial and residential portfolios for the Municipal Solid Waste Charging scheme. We partnered with the Hong Kong Productivity Council to review the waste management facilities and practices at Pacific Place and Taikoo Shing, identify gaps and risks, and prepare guidance to help stakeholders comply with the upcoming legislation. We also partnered with the Business Environment Council to conduct waste audits for 20 F&B tenants at Cityplaza and Citygate Outlets and provide specific recommendations to improve waste separation and reduce waste.

Swire Properties continued to promote reuse throughout 2023. Building upon the successful implementation at Taikoo Place, our Smart Reusable Cup Programme was expanded to Pacific Place Mall in October 2023. The project has received support from 16 F&B outlets, allowing customers to request a reusable cup when placing an order and return it at any of the return stations at our portfolios. Broadening the programme's reach will also support preparations for the Government's regulation on single-use plastics, which will be implemented on 22 April 2024. Since the programme's launch, we have prevented the disposal of over 23,000 single-use cups at Taikoo Place and Pacific Place collectively.

Swire Properties supports nature-positive goals as one of the 40 members of The Taskforce on Nature-related Financial Disclosures (TNFD)

Hong Kong

Our Taikoo Square and Taikoo Garden offer approximately 69,000 sq ft of green spaces with native trees and water features to enhance urban biodiversity

Hong Kong

Biodiversity

Swire Properties prioritises biodiversity in our developments and operations. We were one of 40 Taskforce for Nature-related Financial Disclosure (TNFD) Global Taskforce Members selected to steer the formulation of the overall framework for corporates and financial institutions globally to account for nature-related risks and opportunities to support the nature-positive goals of the United Nations' Kunming-Montreal Global Biodiversity Framework. In 2023, we completed our biodiversity guidelines for our Hong Kong portfolios, providing our project teams and management offices with recommendations on how to enhance biodiversity in our properties and new projects.

Our Taikoo Square and Taikoo Garden, opening in 2024, offer approximately 69,000 square feet of green space with native trees and water features. We have adopted measures in the master landscape plan to enhance urban biodiversity in the area, and facilitate the movement of animals and insects such as birds and butterflies between parks.

Green Building

In 2023, 14 commercial buildings at Taikoo Place, Pacific Place and Citygate achieved Platinum ratings for their recertification under the comprehensive scheme of BEAM Plus for Existing Building v2.0. Two Taikoo Place achieved a Platinum rating in LEED v2009 and WELL v1 Core & Shell. Several of our portfolios, including One, Two and Three Pacific Place, INDIGO, HKRI Taikoo Hui (Shopping mall), HKRI Centre 1 & 2, Taikoo Li Chengdu and The Temple House, achieved a Platinum rating in the LEED v4.1 Operations and Maintenance rating system. Taikoo Place received a final Gold rating under LEED v.4.1 in the Cities and Communities: Existing category, making the complex the first project in Hong Kong to receive LEED for Communities Certification.

At the Green Building Award 2023, organised by the Hong Kong Green Building Council and the Professional Green Building Council, Citygate Outlets received the Grand Award in the Existing Buildings – Facilities Management category. Six Pacific Place received the Grand Award in the New Buildings: Projects Under Construction and/or Design – Commercial category, and Taikoo Li Qiantan received the Merit Award in the New Buildings Category: Completed Projects – Commercial category. In addition, Swire Properties once again received the Sustainability Award at the RICS Hong Kong Awards 2023. Taikoo Li Qiantan was also recognised as the Commercial Property Project of the Year at the RICS Awards China 2023.

Swire Properties won Grand Award at 2023 HKMA Sustainability Awards for its exemplary ESG performance

Hong Kong

Swire Properties won the House Awards – Best Issuer – ESG, FinanceAsia Achievement Awards 2023

Hong Kong

Performance (Economic)

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

Details of our financial performance in 2023 can be found in other parts of this report.

In 2023, the Company advanced to the number two position in the Dow Jones Sustainability World Index – Real Estate Management and Development industry category. The Company beat over 380 companies from around the world to secure the top position globally in the "Environmental Dimension" score. The Company also retained its Global Sector Leader title under the Global Real Estate Sustainability Benchmark for the seventh consecutive year, and ranked number one in the Hang Seng Corporate Sustainability Index for the sixth consecutive year.

At the 2023 Hong Kong Management Association ("HKMA") Sustainability Award, Swire Properties received the Grand Award for demonstrating exceptional commitment to economic, social and environmental considerations while achieving remarkable business and organisational performance.

At the HKMA's 2023 Best Annual Reports Awards, Swire Properties' Sustainable Development Report 2022 won the Best Environmental, Social and Governance Reporting Award, the top recognition, in the Property Development and Investment category for the second consecutive year. The Company's Annual Report 2022 also won the Silver Award in the General category.

In addition, Swire Properties won the Environmental, Social and Governance Award in the Non-Hang Seng Index (Large Market Capitalisation) Category at the Hong Kong Institute of Certified Public Accountants' ("HKICPA") Best Corporate Governance and ESG Awards 2023.

As at 31 December 2023, approximately 60% of our financing comes from green bonds, sustainability-linked loans and green loans. In 2023, Swire Properties became the first Hong Kong corporation to issue an RMB-denominated public green bonds, known as "green dim sum bonds". The transaction raised RMB3.2 billion, making it the largest-ever corporate green dim sum bonds issued in Hong Kong.

Swire Properties won the Best ESG Issuer in Asia at the FinanceAsia Achievement Awards 2023, topping over 680 high-calibre organisations for this coveted honour. Furthermore, the green dim sum bonds offering received three awards at the FinanceAsia Achievement Awards 2023, IFR Asia Awards 2023 and The Asset Triple A Sustainable Finance Awards 2024 respectively.

In 2023, Swire Properties began piloting the use of internal carbon pricing ("ICP") to determine the potential impacts of carbon emissions on our investments, quantify carbon risks to our business operations and better reallocate capital towards low-carbon investment and opportunities.

Further details of our sustainable development performance, including details of our SD 2030 Strategy, can be found in our Sustainability Report 2023.

FINANCIAL CONTENTS

AUDITOR'S REPORT AND ACCOUNTS

SUPPLEMENTARY INFORMATION

EAST HONG KONG, HONG KONG

INDEPENDENT AUDITOR'S REPORT

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 142 to 210, comprise:

- the consolidated statement of financial position as at 31st December 2023;
- 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, comprising material accounting policy information 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

We 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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Key Audit Matter	*How our audit addressed the Key Audit Matter*
Valuation of investment properties *Refer to note 16 to the Group's consolidated financial statements* The fair value of the Group's investment properties amounted to HK$281,463 million at 31st December 2023, with a fair value loss of HK$2,829 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 98% of the investment properties as at 31st December 2023. The valuations are dependent on certain key assumptions that require significant management judgement and estimates, 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. We focused on the valuation of investment properties due to the significant judgement and estimates involved in determining the valuation.	Our procedures in relation to management's 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 the valuers' competence, capabilities, independence and objectivity; • Reviewing the external valuation reports to assess the appropriateness of methodologies used; • Meeting the valuers to discuss and challenge the valuations and key assumptions used; • Comparing 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 and recent lettings of the subject properties on a sample basis by our in-house valuation experts; • Checking, on a sample basis, the accuracy and completeness of the rental data provided by management to the valuers by agreeing them to the Group's records; and • For investment properties under development, comparing the estimated construction costs to complete with the Group's budgets and testing, on a sample basis, the construction costs to supporting documentation such as quantity surveyor reports and signed contracts, where applicable. 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 Tsang Nga Kwan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14th March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December 2023

	Note	**2023 HK$M**	2022 HK$M
Revenue	*4*	**14,670**	13,826
Cost of sales	*5*	**(4,284)**	(4,303)
Gross profit		**10,386**	9,523
Administrative and selling expenses		**(2,058)**	(1,713)
Other operating expenses		**(205)**	(186)
Other net (losses)/gains	*6*	**(114)**	79
Gains on disposal of subsidiary companies		**–**	520
Change in fair value of investment properties		**(2,829)**	801
Operating profit		**5,180**	9,024
Finance charges		**(738)**	(359)
Finance income		**218**	172
Net finance charges	*10*	**(520)**	(187)
Share of profit less losses of joint venture companies		**124**	1,443
Share of profit less losses of associated companies		**(416)**	12
Profit before taxation		**4,368**	10,292
Taxation	*11*	**(1,617)**	(2,065)
Profit for the year		**2,751**	8,227
Profit for the year attributable to:			
The Company's shareholders	*34*	**2,637**	7,980
Non-controlling interests	*36*	**114**	247
		2,751	8,227
		HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	*14*	**0.45**	1.36

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 2023

	2023 HK$M	2022 HK$M
Profit for the year	**2,751**	8,227
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	**46**	–
– deferred tax	**(11)**	–
Defined benefit plans		
– remeasurement (losses)/gains recognised during the year	**(56)**	245
– deferred tax	**9**	(40)
Net translation differences on foreign operations recognised during the year	**(25)**	(110)
	(37)	95
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
– losses recognised during the year	**(38)**	(16)
– transferred to net finance charges	**(41)**	(13)
– transferred to operating profit	**–**	(1)
– deferred tax	**13**	5
Share of other comprehensive income of joint venture and associated companies		
– recognised during the year	**(103)**	(1,744)
– reclassified to profit or loss on deemed disposal	**228**	–
Net translation differences on foreign operations recognised during the year	**(904)**	(3,213)
	(845)	(4,982)
Other comprehensive income for the year, net of tax	**(882)**	(4,887)
Total comprehensive income for the year	**1,869**	3,340
Total comprehensive income attributable to:		
The Company's shareholders	**1,780**	3,203
Non-controlling interests	**89**	137
	1,869	3,340

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 2023

	Note	2023 HK$M	2022 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**3,644**	3,165
Investment properties	16	**281,463**	271,368
Intangible assets	17	**1,555**	208
Right-of-use assets	18	**2,655**	2,482
Properties held for development	19	**1,210**	1,208
Joint venture companies	20	**19,276**	24,589
Loans due from joint venture companies	20	**14,781**	15,273
Associated companies	21	**10,583**	473
Loans due from associated companies	21	**209**	52
Derivative financial instruments	29	**57**	96
Deferred tax assets	30	**88**	64
Financial assets at fair value through profit or loss		**623**	460
Retirement benefit assets	32	**–**	14
		336,144	319,452
Current assets			
Properties for sale	23	**9,121**	8,264
Stocks		**77**	72
Trade and other receivables	24	**3,506**	2,834
Cash and cash equivalents	25	**5,097**	4,502
		17,801	15,672
Assets classified as held for sale	31	**543**	2,038
		18,344	17,710
Current liabilities			
Trade and other payables	26	**9,763**	10,008
Contract liabilities		**5**	14
Taxation payable		**378**	185
Long-term loans and bonds due within one year	28	**7,563**	700
Lease liabilities due within one year	27	**80**	79
		17,789	10,986
Net current assets		**555**	6,724
Total assets less current liabilities		**336,699**	326,176
Non-current liabilities			
Long-term loans and bonds	28	**33,606**	22,135
Long-term lease liabilities	27	**527**	535
Derivative financial instruments	29	**22**	–
Other payables	26	**268**	–
Deferred tax liabilities	30	**14,082**	11,248
Retirement benefit liabilities	32	**45**	–
		48,550	33,918
NET ASSETS		**288,149**	292,258
EQUITY			
Share capital	33	**10,449**	10,449
Reserves	34	**274,633**	278,762
Equity attributable to the Company's shareholders		**285,082**	289,211
Non-controlling interests	36	**3,067**	3,047
TOTAL EQUITY		**288,149**	292,258

Guy Bradley
May Wu
Directors
Hong Kong, 14th March 2024

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 2023

	Note	2023 HK$M	2022 HK$M
Operating activities			
Cash generated from operations	*41(a)*	**7,492**	6,332
Interest paid		**(1,222)**	(742)
Interest received		**104**	117
Tax paid		**(963)**	(1,127)
		5,411	4,580
Dividends received from joint venture companies and financial assets at fair value through other comprehensive income		**34**	176
Net cash from operating activities		**5,445**	4,756
Investing activities			
Purchase of property, plant and equipment	*41(b)*	**(217)**	(133)
Additions of investment properties		**(2,771)**	(7,096)
Purchase of intangible assets		**(64)**	(58)
Proceeds from disposal of investment properties		**5,291**	609
Proceeds from disposal of subsidiary companies, net of cash disposed of	*24*	**535**	1,060
Payment for acquisition of subsidiary companies, net of cash acquired	*43*	**(3,699)**	–
Purchase of shares in joint venture companies		**(791)**	(1,720)
Purchase of shares in associated companies		**(10,397)**	–
Purchase of financial assets at fair value through profit or loss		**(161)**	(20)
Equity to joint venture companies		**(356)**	(1,123)
Loans to joint venture companies		**(1,604)**	(108)
Repayment of loans by joint venture companies		**435**	917
Repayment of advances from joint venture companies		**–**	(200)
Loans to associated companies		**–**	(52)
Repayment of loans by associated companies		**17**	–
Initial leasing costs incurred		**(79)**	(75)
Net cash used in investing activities		**(13,861)**	(7,999)
Net cash outflow before financing activities		**(8,416)**	(3,243)
Financing activities			
Loans drawn and refinanced		**11,523**	7,237
Bonds issued		**6,742**	–
Repayment of loans and bonds		**(3,130)**	(9,009)
Principal elements of lease payments		**(82)**	(66)
		15,053	(1,838)
Capital contribution from non-controlling interests		**16**	1,003
Dividends paid to the Company's shareholders	*34*	**(5,909)**	(5,616)
Dividends paid to non-controlling interests	*36*	**(95)**	(96)
Net cash from/(used in) financing activities		**9,065**	(6,547)
Increase/(Decrease) in cash and cash equivalents		**649**	(9,790)
Cash and cash equivalents at 1st January		**4,502**	14,833
Effect of exchange differences		**(54)**	(541)
Cash and cash equivalents at 31st December		**5,097**	4,502
Represented by:			
Bank balances and short-term deposits maturing within three months	*25*	**5,097**	4,502

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 2023

	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 2023		**10,449**	**280,008**	**(1,246)**	**289,211**	**3,047**	**292,258**
Profit for the year		**–**	**2,637**	**–**	**2,637**	**114**	**2,751**
Other comprehensive income		**–**	**(47)**	**(810)**	**(857)**	**(25)**	**(882)**
Total comprehensive income for the year	*34, 36*	**–**	**2,590**	**(810)**	**1,780**	**89**	**1,869**
Capital contribution from non-controlling interests		**–**	**–**	**–**	**–**	**26**	**26**
Dividends paid		**–**	**(5,909)**	**–**	**(5,909)**	**(95)**	**(6,004)**
At 31st December 2023		**10,449**	**276,689**	**(2,056)**	**285,082**	**3,067**	**288,149**

	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		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	*34, 36*	–	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

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 208 to 210.

1. Changes in Accounting Policies and Disclosures

(a) The following revised standards and interpretation were required to be adopted by the Group effective from 1st January 2023:

Amendments to HKAS 1, HKAS 8 and HKAS 12	Narrow-scope Amendments
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration

The Group previously accounted for deferred taxation on leases that results in a similar outcome in the consolidated financial statements of the Group following the adoption of the "Narrow-scope Amendments (Amendments to HKAS 1, HKAS 8 and HKAS 12)", except that the deferred tax asset or liability was recognised on a net basis prior to offsetting as permitted in HKAS 12. Following the adoption of these amendments in the Group's accounting policies, the Group has recognised deferred tax assets in relation to its lease liabilities and deferred tax liabilities in relation to its right-of-use assets separately. The key impact for the Group relates to the disclosure of the deferred tax assets and liabilities recognised, this includes the restatement of opening balances and movements, as set out in note 30. There is no impact to the Group's consolidated statement of financial position as of 31st December 2023, 31st December 2022 and 1st January 2022, the results and the earnings per share for the year ended 31st December 2023 and 2022.

Except for Amendments to HKAS 1, HKAS 8 and HKAS 12, none of the revised standards and interpretation had a significant effect on the Group's consolidated financial statements or accounting policies.

(b) The Group has not early adopted the following relevant revised standards and interpretation that have been issued but are effective for annual periods beginning on or after 1st January 2024 and such standards have not been applied in preparing these consolidated financial statements.

Amendments to HKAS 1	Classification of Liabilities as Current and Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangability[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 2024.
[2] To be applied by the Group from 1st January 2025.
[3] The effective date is to be determined.

None of these revised standards and interpretation are expected to have a significant effect on the Group's consolidated financial statements.

1. Changes in Accounting Policies and Disclosures *(continued)*

(c) In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two") (i.e. BEPS 2.0), and various governments around the world have issued, or are in the process of issuing, legislation on this. The ultimate holding company of the Group is in the process of assessing the full impact of this in various regions that the Group has operations. The HKSAR Government and the respective governments of the Group's major operating regions have not enacted the legislation on Pillar Two as of the date of approval of these 2023 financial statements.

(d) On 22nd February 2023, the Hong Kong Institute of Certified Public Accountants published the Financial Reporting Alert 44 to highlight the potential accounting impact of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism on entities in Hong Kong and, in particular, two broad tentative approaches to analyse the issue. The Group has adopted the approach to treat the offsetable accrued benefits as deemed employee contributions. Under this approach, the accrued benefits arising from employer's MPF contributions that have been vested with the employees and which would be used to offset the respective employees' LSP benefits are treated as a deemed contribution towards the employee's LSP benefits. Based on the preliminary assessment, the financial impact to the Group is not material during the year and as at 31st December 2023.

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.

(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 2023		
Impact on profit or loss: (losses)/gains	**(83)**	**83**
Impact on other comprehensive income: gains/(losses)	**99**	**(102)**
At 31st December 2022		
Impact on profit or loss: (losses)/gains	(34)	34
Impact on other comprehensive income: gains/(losses)	4	(3)

2. Financial Risk Management *(continued)*

(i) Interest rate exposure (continued)

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 7.8141 (2022: 7.7974), with all other variables held constant, would have been:

	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 2023		
Impact on profit or loss	**–**	**–**
Impact on other comprehensive income: gains/(losses)	**2**	**(1)**
At 31st December 2022		
Impact on profit or loss	–	–
Impact on other comprehensive income	–	–

2. Financial Risk Management *(continued)*

(ii) Currency exposure (continued)

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 2023

	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	*26*	**1,046**	**1,046**	**1,046**	**–**	**–**	**–**
Rental deposits from tenants	*26*	**2,965**	**2,965**	**871**	**586**	**1,158**	**350**
Other payables	*26*	**5,138**	**5,138**	**5,138**	**–**	**–**	**–**
Put option in respect of a non-controlling interest	*26*	**613**	**613**	**613**	**–**	**–**	**–**
Lease liabilities	*27*	**607**	**701**	**99**	**100**	**215**	**287**
Borrowings (including interest obligations)	*28*	**41,169**	**45,531**	**9,053**	**7,207**	**26,830**	**2,441**
Derivative financial instruments	*29*	**22**	**22**	**–**	**–**	**22**	**–**
Financial guarantee contracts	*38*	**–**	**4,069**	**4,069**	**–**	**–**	**–**
		51,560	**60,085**	**20,889**	**7,893**	**28,225**	**3,078**

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	*26*	812	812	812	–	–	–
Rental deposits from tenants	*26*	2,715	2,715	840	551	1,011	313
Other payables	*26*	5,890	5,890	5,890	–	–	–
Put option in respect of a non-controlling interest	*26*	590	590	590	–	–	–
Lease liabilities	*27*	614	715	98	89	228	300
Borrowings (including interest obligations)	*28*	22,835	25,520	1,369	2,518	16,496	5,137
Financial guarantee contracts	*38*	–	4,254	4,254	–	–	–
		33,456	40,496	13,853	3,158	17,735	5,750

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) Impairment of goodwill (note 17)

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.

(c) Sale of goods are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the use of the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. 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.

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 which comprises:

	2023 HK$M	2022 HK$M
Gross rental income from investment properties	**13,408**	12,226
Property trading	**166**	921
Hotels	**979**	565
Rendering of other services	**117**	114
	14,670	13,826

	2023 HK$M	2022 HK$M
Revenue recognised in the current reporting period that was related to the contract liability balance at the beginning of the year	**14**	120

Of the contract liabilities of HK$5 million outstanding at 31st December 2023 (2022: HK$14 million), HK$5 million (2022: HK$14 million) is expected to be recognised as revenue within one year.

The following table shows unsatisfied performance obligations resulting from contracts with customers.

	2023 HK$M	2022 HK$M
Aggregate amount of the transaction price allocated to revenue contracts that are partially or fully unsatisfied at the end of the year	**46**	90

Of the amount disclosed above at 31st December 2023, HK$46 million (2022: HK$90 million) is expected to be recognised as revenue within one year.

5. Cost of Sales

	2023 HK$M	2022 HK$M
Direct rental outgoings in respect of investment properties that		
– generated rental income	**2,984**	2,798
– did not generate rental income	**282**	199
	3,266	2,997
Property trading	**119**	621
Hotels	**899**	685
	4,284	4,303

6. Other Net (Losses)/Gains

	2023 HK$M	2022 HK$M
Gains arising from the acquisition of interests in joint venture companies	**551**	–
(Losses)/Gains on disposal of investment properties	**(16)**	31
Losses on disposal of property, plant and equipment	**(2)**	–
(Losses)/Gains on disposal of assets classified as held for sale	**(44)**	20
Change in fair value of assets classified as held for sale	**(442)**	48
Net foreign exchange losses	**(240)**	(107)
Government subsidies	**8**	31
Others	**71**	56
	(114)	79

7. Expenses by Nature

Expenses included in cost of sales, administrative and selling expenses, and other operating expenses are analysed as follows:

	2023 HK$M	2022 HK$M
Impairment charged on trade receivables*	**40**	341
Depreciation of property, plant and equipment (note 15)	**275**	232
Depreciation of right-of-use assets		
– leasehold land held for own use	**29**	25
– property	**49**	39
Amortisation of		
– intangible assets (note 17)	**66**	53
– initial leasing costs in respect of investment properties	**96**	79
Staff costs	**2,115**	1,899
Other lease expenses**	**31**	32
Auditors' remuneration		
– audit services	**14**	11
– tax services	**2**	3
– other services	**4**	3

* These impairments include expected credit losses 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$36 million (2022: HK$319 million).

** These expenses relate to short-term leases and leases of low-value assets. 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 2023												
Property investment	**13,525**	**3**	**8,201**	**(725)**	**203**	**866**	**7**	**8,552**	**(1,117)**	**7,435**	**7,325**	**(314)**
Property trading	**166**	**–**	**(89)**	**–**	**15**	**(46)**	**–**	**(120)**	**(52)**	**(172)**	**(169)**	**–**
Hotels	**979**	**5**	**(103)**	**(13)**	**–**	**(29)**	**31**	**(114)**	**13**	**(101)**	**(100)**	**(201)**
Change in fair value of investment properties	**–**	**–**	**(2,829)**	**–**	**–**	**(667)**	**(454)**	**(3,950)**	**(461)**	**(4,411)**	**(4,419)**	**–**
Inter-segment elimination	**–**	**(8)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	14,670	**–**	**5,180**	**(738)**	**218**	**124**	**(416)**	**4,368**	**(1,617)**	**2,751**	**2,637**	**(515)**
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)

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 2023						
Property investment	**289,079**	**25,799**	**8,366**	**4,854**	**328,098**	**3,206**
Property trading	**10,869**	**6,057**	**2,167**	**127**	**19,220**	**–**
Hotels	**4,594**	**2,201**	**259**	**116**	**7,170**	**67**
	304,542	**34,057**	**10,792**	**5,097**	**354,488**	**3,273**
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

* 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 and retirement benefit assets.

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 2023						
Property investment	**8,196**	**14,370**	**25,396**	**599**	**48,561**	**3,025**
Property trading	**1,670**	**89**	**14,422**	**–**	**16,181**	**1**
Hotels	**237**	**1**	**1,351**	**8**	**1,597**	**41**
	10,103	**14,460**	**41,169**	**607**	**66,339**	**3,067**
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

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 2023				
Property investment	**–**	**117**	**13,408**	**13,525**
Property trading	**166**	**–**	**–**	**166**
Hotels	**465**	**514**	**–**	**979**
	631	**631**	**13,408**	**14,670**
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

(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)	
	2023 HK$M	2022 HK$M	**2023 HK$M**	2022 HK$M
Hong Kong	**9,136**	9,319	**224,443**	229,330
Chinese Mainland	**5,034**	3,648	**59,436**	42,612
U.S.A. and elsewhere	**500**	859	**6,648**	6,489
	14,670	13,826	**290,527**	278,431

Note:
In this analysis, the total of non-current assets exclude joint venture and associated companies (and loans advanced to these companies), financial assets at fair value through profit or loss and other comprehensive income, financial instruments, deferred tax assets and retirement benefit assets.
Of the joint venture and associated companies balances, HK$7,635 million (2022: HK$7,668 million) is based in Hong Kong, HK$21,566 million (2022: HK$16,797 million) is based in the Chinese Mainland and HK$658 million (2022: HK$597 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$'000	Total 2023 HK$'000	Total 2022 HK$'000
For the year ended 31st December 2023									
Executive Directors									
Guy Bradley (Chairman) (note (iii))	**630**	**–**	**432**	**11**	**190**	**432**	**829**	**2,524**	1,919
Tim Blackburn (note (iv))	**3,920**	**–**	**2,434**	**3,294**	**1,181**	**2,434**	**322**	**13,585**	9,723
Fanny Lung (note (iv))	**4,039**	**–**	**3,405**	**1,188**	**1,513**	**–**	**–**	**10,145**	7,416
Mabelle Ma	**3,699**	**–**	**2,465**	**798**	**514**	**–**	**91**	**7,567**	6,990
Non-Executive Directors									
Adam Fenwick	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Raymond Lim	**–**	**575**	**–**	**–**	**–**	**–**	**–**	**575**	575
Martin Murray	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Richard Sell (note (v))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Merlin Swire	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Independent Non-Executive Directors									
Lily Cheng	**–**	**761**	**–**	**–**	**–**	**–**	**–**	**761**	761
Thomas Choi	**–**	**695**	**–**	**–**	**–**	**–**	**–**	**695**	684
Spencer Fung	**–**	**741**	**–**	**–**	**–**	**–**	**–**	**741**	726
Jinlong Wang (note (vi))	**–**	**203**	**–**	**–**	**–**	**–**	**–**	**203**	575
May Wu	**–**	**843**	**–**	**–**	**–**	**–**	**–**	**843**	843
Angela Zhu (note (vii))	**–**	**373**	**–**	**–**	**–**	**–**	**–**	**373**	–
Total 2023	**12,288**	**4,191**	**8,736**	**5,291**	**3,398**	**2,866**	**1,242**	**38,012**	N/A
Total 2022	10,883	4,164	5,139	5,228	2,270	1,271	1,257	N/A	30,212

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) The total emoluments are charged to the Group in accordance with the amount of time spent on its affairs.
(iv) The total emoluments are fully charged to the Group.
(v) Richard Sell was appointed as a Non-Executive Director of the Company with effect from 17th October 2023.
(vi) Jinlong Wang retired as an Independent Non-Executive Director of the Company with effect from the conclusion of the Company's 2023 annual general meeting held on 9th May 2023 (the "2023 AGM").
(vii) Angela Zhu was appointed as an Independent Non-Executive Director of the Company with effect from the conclusion of the 2023 AGM.

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	
	2023	2022
Number of individuals:		
Executive Directors (note (i))	**3**	3
Executive Officers (note (ii))	**2**	2
	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.

	Year ended 31st December	
	2023 HK$'000	2022 HK$'000
Cash:		
Salary	**5,901**	5,626
Discretionary bonus (Note)	**3,523**	3,340
Allowance and benefits	**714**	676
Non-cash:		
Retirement scheme contributions	**820**	765
Housing and other benefits	**6,723**	4,899
	17,681	15,306

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	
	2023	2022
HK$10,000,001 – HK$10,500,000	**1**	–
HK$8,500,001 – HK$9,000,000	**–**	1
HK$7,500,001 – HK$8,000,000	**1**	–
HK$6,500,001 – HK$7,000,000	**–**	1
	2	2

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.

	2023		2022	
	HK$M	**HK$M**	HK$M	HK$M
Current taxation				
Hong Kong profits tax	**494**		401	
Overseas tax	**665**		590	
Over-provisions in prior years	**(28)**		(5)	
		1,131		986
Deferred taxation (note 30)				
Change in fair value of investment properties	**106**		472	
Origination and reversal of temporary differences	**380**		598	
Effect of change in tax rate in the U.S.A.	**–**		9	
		486		1,079
		1,617		2,065

Hong Kong profits tax is calculated at 16.5% (2022: 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:

	2023 HK$M	2022 HK$M
Profit before taxation	**4,368**	10,292
Calculated at a tax rate of 16.5% (2022: 16.5%)	**721**	1,698
Share of results of joint venture and associated companies	**48**	(240)
Effect of different tax rates in other countries	**263**	350
Effect of change in tax rate in the U.S.A.	**–**	9
Fair value losses on investment properties	**635**	189
Income not subject to tax	**(123)**	(107)
Expenses not deductible for tax purposes	**79**	95
Unused tax losses not recognised	**28**	39
Utilisation of previously unrecognised tax losses	**(12)**	(3)
Recognition of previously unrecognised tax losses	**(27)**	(6)
Withholding tax	**33**	46
Over-provisions in prior years	**(28)**	(5)
Tax charge	**1,617**	2,065

The Group's share of joint venture companies' tax charges of HK$241 million (2022: HK$526 million) and share of associated companies' tax credits of HK$149 million (2022: tax charges of HK$40 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$5,763 million (2022: HK$25,282 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.

	2023 HK$M	2022 HK$M
First interim dividend paid on 12th October 2023 of HK$0.33 per share (2022: HK$0.32)	**1,931**	1,872
Second interim dividend declared on 14th March 2024 of HK$0.72 per share (2022: HK$0.68)	**4,212**	3,978
	6,143	5,850

The second interim dividend is not accounted for in 2023 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2023 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2024 when declared.

14. Earnings Per Share (Basic and Diluted)

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$2,637 million (2022: HK$7,980 million) by the daily weighted average number of 5,850,000,000 ordinary shares in issue during 2023 (2022: 5,850,000,000 ordinary shares).

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the years ended 31 December 2023 (2022: same).

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 2023	**4,165**	**2,012**	**6,177**
Translation differences	**(45)**	**(12)**	**(57)**
Acquisition of subsidiary companies (note 43)	**488**	**144**	**632**
Additions	**9**	**208**	**217**
Disposals	**–**	**(40)**	**(40)**
Net transfers to investment properties (note 16)	**(126)**	**–**	**(126)**
Revaluation surplus	**46**	**–**	**46**
At 31st December 2023	**4,537**	**2,312**	**6,849**
Accumulated depreciation and impairment:			
At 1st January 2023	**1,398**	**1,614**	**3,012**
Translation differences	**(11)**	**(3)**	**(14)**
Charge for the year (note 7)	**114**	**161**	**275**
Disposals	**–**	**(38)**	**(38)**
Transfers to investment properties (note 16)	**(30)**	**–**	**(30)**
At 31st December 2023	**1,471**	**1,734**	**3,205**
Net book value:			
At 31st December 2023	**3,066**	**578**	**3,644**

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 2023, property, plant and equipment of HK$460 million (2022: nil) are pledged as security for secured loans and other borrowings.

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.

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 2023. 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 2023	**248,114**	**23,077**	**271,191**
Translation differences	**(1,144)**	**(56)**	**(1,200)**
Acquisition of subsidiary companies (note 43)	**15,230**	**–**	**15,230**
Additions	**975**	**1,957**	**2,932**
Cost written back	**(55)**	**–**	**(55)**
Disposals	**(4,006)**	**–**	**(4,006)**
Net transfers from property, plant and equipment (note 15)	**96**	**–**	**96**
Net transfers to right-of-use assets	**(80)**	**(8)**	**(88)**
Net fair value losses	**(2,344)**	**(485)**	**(2,829)**
	256,786	**24,485**	**281,271**
Add: Initial leasing costs	**192**	**–**	**192**
At 31st December 2023	**256,978**	**24,485**	**281,463**
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

16. Investment Properties *(continued)*

Geographical Analysis of Investment Properties

	2023 HK$M	2022 HK$M
Held in Hong Kong		
On medium-term leases (10 to 50 years)	**30,994**	30,688
On long-term leases (over 50 years)	**189,043**	194,283
	220,037	224,971
Held in the Chinese Mainland		
On short-term leases (less than 10 years)	**975**	49
On medium-term leases (10 to 50 years)	**54,989**	41,122
	55,964	41,171
Held in the U.S.A.		
Freehold	**5,270**	5,049
	281,271	271,191

At 31st December 2023, investment properties of HK$14,948 million (2022: nil) are pledged as security for secured loans and other borrowings.

On 17th November 2023, the Group and the Securities and Futures Commission entered into sale and purchase agreements for the sale of the Group's interest in the 42nd to 54th floors (excluding the 49th floor) of the One Island East office tower in Hong Kong, for a total cash consideration of HK$5,400 million. Sale of the 45th to 54th floors (excluding the 49th floor) was completed in December 2023 and a loss on disposal was recognised in the consolidated statement of profit or loss during the year.

The 42nd to 44th floors of One Island East with a total fair value of HK$1,342 million, are included in the investment properties at 31st December 2023. The sale of each of these floors will be completed in accordance with the terms specified in the sale and purchase agreements before the end of 2028.

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 127 to 135.

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 2023. 96% 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.

16. Investment Properties *(continued)*

Valuation processes and techniques underlying management's estimate of fair value *(continued)*

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.

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$M**	**2023 Total HK$M**
Level 2	**1,122**	**417**	**–**	**1,539**	**5,588**	**–**	**5,588**	**7,127**
Level 3	**197,756**	**52,221**	**5,270**	**255,247**	**15,571**	**3,326**	**18,897**	**274,144**
Total	**198,878**	**52,638**	**5,270**	**256,786**	**21,159**	**3,326**	**24,485**	**281,271**
Add: initial leasing costs								**192**
At 31st December 2023								**281,463**

	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

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$M	2023 Total HK$M
At 1st January 2023	**204,017**	**37,714**	**5,049**	**246,780**	**14,052**	**3,264**	**17,316**	**264,096**
Translation differences	**–**	**(1,144)**	**11**	**(1,133)**	**–**	**(56)**	**(56)**	**(1,189)**
Acquisition of subsidiary companies	**–**	**14,994**	**–**	**14,994**	**–**	**–**	**–**	**14,994**
Additions	**682**	**241**	**52**	**975**	**1,619**	**338**	**1,957**	**2,932**
Cost written back	**(46)**	**–**	**(9)**	**(55)**	**–**	**–**	**–**	**(55)**
Disposals	**(4,006)**	**–**	**–**	**(4,006)**	**–**	**–**	**–**	**(4,006)**
Net transfers (to)/from property, plant and equipment	**(23)**	**119**	**–**	**96**	**–**	**–**	**–**	**96**
Net transfers to right-of-use assets	**(80)**	**–**	**–**	**(80)**	**–**	**–**	**–**	**(80)**
Net fair value (losses)/gains	**(2,788)**	**297**	**167**	**(2,324)**	**(100)**	**(220)**	**(320)**	**(2,644)**
At 31st December 2023	**197,756**	**52,221**	**5,270**	**255,247**	**15,571**	**3,326**	**18,897**	**274,144**

	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

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 2023				
Completed				
Hong Kong	**197,756**	**Income capitalisation**	**Mid 10's – Low 500's**	**2.50% – 4.75%**
Chinese Mainland	**52,221**	**Income capitalisation**	**Less than 10 – High 200's**	**5.50% – 6.50%**
U.S.A.	**5,270**	**Income capitalisation**	**Less than 10 – Mid 70's**	**5.50% – 6.00%**
Sub-total	**255,247**			
Under development				
Hong Kong	**15,571**	**Residual[2]**	**Low 60's – Low 100's**	**1.20% – 3.75%**
Chinese Mainland	**3,326**	**Sales comparison**	**–**	**–**
Sub-total	**18,897**			
Total (Level 3)	**274,144**			
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			

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

(a) Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the assets transferred, the liabilities incurred to the former owners of the acquired asset and the equity interests issued by the Group. Goodwill is treated as an asset of the entity acquired and, where attributable to a foreign entity, is translated at the period-end closing rate.

Goodwill is stated at cost less accumulated impairment. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing, which is performed annually, or more often if an impairment indicator exists. Impairment charges recognised in respect of goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) 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 of 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 of three to five years.

Critical Accounting Estimates and Judgements

The Group recognised HK$1,419 million of goodwill when it took control of Taikoo Li Chengdu (formerly known as "Sino-Ocean Taikoo Li Chengdu") in the Chinese Mainland during the year. The goodwill is mainly attributable to the growth opportunity in the Chinese Mainland. It also represents the premium paid over the market price to obtain control of the business.

Goodwill is subject to impairment test at each reporting date and when there is indication that the carrying value may not be recoverable. These tests require the use of estimates to calculate recoverable amounts.

The goodwill is allocated to property investment segment of Taikoo Li Chengdu in the Chinese Mainland. Management has determined the recoverable amount of this CGU by assessing the fair value less cost of disposal of the underlying assets. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

17. Intangible Assets *(continued)*

	Goodwill HK$M	**Computer Software HK$M**	**Others HK$M**	**Total HK$M**
Cost:				
At 1st January 2023	**–**	**321**	**205**	**526**
Translation differences	**(78)**	**–**	**–**	**(78)**
Acquisition of subsidiary companies (note 43)	**1,419**	**8**	**–**	**1,427**
Additions	**–**	**64**	**–**	**64**
At 31st December 2023	**1,341**	**393**	**205**	**1,939**
Accumulated amortisation:				
At 1st January 2023	**–**	**195**	**123**	**318**
Amortisation for the year (note 7)	**–**	**44**	**22**	**66**
At 31st December 2023	**–**	**239**	**145**	**384**
Net book value:				
At 31st December 2023	**1,341**	**154**	**60**	**1,555**

	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

Amortisation of HK$66 million (2022: HK$53 million) is included in cost of sales and administrative expenses in the consolidated statement of profit or loss.

Impairment test of goodwill

The recoverable amount of CGU in Taikoo Li Chengdu in the Chinese Mainland is determined by using the calculation of the fair value less cost of disposal. It mainly represents the fair value of investment properties of Taikoo Li Chengdu by reference to the valuation performed by independent valuers at each reporting date, less cost of disposals estimated by management based on the Group's experience with disposal of assets and on industry benchmarks. The results of the impairment test using these inputs show that the recoverable amount exceeds the carrying amount of the CGU. The Group therefore concluded that no impairment was required to such goodwill at 31st December 2023.

The main valuation inputs used were effective market rents per month ranging from approximately HK$10 to HK$200 per square feet and capitalisation rates ranging from 5.75% to 6.50% determined by an independent valuer at 31st December 2023 and the cost of disposal estimated by the Group's management. Reasonably possible changes in the key assumptions would not result in an impairment.

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:

	2023 HK$M	2022 HK$M
Leasehold land held for own use	**2,502**	2,340
Property	**153**	142
	2,655	2,482

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	
	2023 HK$M	2022 HK$M
Held in Hong Kong		
On medium-term leases (10-50 years)	**338**	345
On long-term leases (over 50 years)	**2,065**	1,995
	2,403	2,340
Held in the Chinese Mainland		
On medium-term leases (10-50 years)	**99**	–
	2,502	2,340

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.

At 31st December 2023, right-of-use assets of HK$99 million (2022: nil) are pledged as security for secured loans and other borrowings.

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 2023 was HK$46 million (2022: less than HK$1 million).

Additions to right-of-use assets during the year ended 31st December 2023 were HK$62 million (2022: HK$107 million).

During the year ended 31st December 2023, cash outflows for leases were included in the consolidated statement of cash flows as (a) interest paid of HK$21 million (2022: HK$19 million) under "operating activities", (b) payment for short-term and low-value assets leases of HK$31 million (2022: HK$32 million) under "operating activities" and (c) principal elements of lease payments of HK$82 million (2022: HK$66 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.

	2023 HK$M	2022 HK$M
Properties held for development		
Freehold land	**989**	987
Development cost	**221**	221
	1,210	1,208

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 Accounting Policies on pages 205 to 207.

	2023 HK$M	2022 HK$M
Share of net assets, unlisted	**19,276**	24,286
Goodwill	**–**	303
Joint venture companies	**19,276**	24,589
Loans due from joint venture companies less provisions		
– Interest-free	**11,650**	13,360
– Interest-bearing at 3% to 11% per annum (2022: 1.7% to 6.5% per annum)	**3,131**	1,913
	14,781	15,273

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 22nd February 2023, the Group completed the second and third Master Agreements to acquire 35% equity interests in existing joint venture companies in Taikoo Li Chengdu in the Chinese Mainland from Sino-Ocean Group Holding Limited and its subsidiaries. The joint venture companies became wholly-owned subsidiaries of the Group at the date of completion. Details of the purchase consideration, the net identifiable assets acquired and goodwill are disclosed in note 43.

20. Joint Venture Companies *(continued)*

The Group's share of assets and liabilities and results of joint venture companies is summarised below:

	2023 HK$M	2022 HK$M
Non-current assets	**38,587**	51,174
Current assets	**9,747**	7,199
Current liabilities	**(3,572)**	(5,587)
Non-current liabilities	**(25,486)**	(28,500)
Net assets	**19,276**	24,286
Revenue	**2,755**	3,225
Change in fair value of investment properties	**(517)**	877
Expenses	**(1,873)**	(2,133)
Profit before taxation	**365**	1,969
Taxation	**(241)**	(526)
Profit for the year	**124**	1,443
Other comprehensive income	**(195)**	(1,744)
Total comprehensive income for the year	**(71)**	(301)

Capital commitments and contingencies in respect of joint venture companies are disclosed in notes 37 and 38.

The principal joint venture companies of Swire Properties Limited are shown on pages 208 to 210. 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 Accounting Policies on pages 205 to 207.

	2023 HK$M	2022 HK$M
Share of net assets, unlisted	**9,913**	473
Goodwill		
Associated companies	**670**	–
	10,583	473
Loans due from associated companies less provisions		
– Interest-free	**169**	12
– Interest-bearing at 7.20% per annum (2022: 6.41% per annum)	**40**	40
	209	52

The loans due from associated companies are unsecured and have no fixed terms 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:

	2023 HK$M	2022 HK$M
Non-current assets	**10,584**	651
Current assets	**5,911**	383
Current liabilities	**(5,076)**	(145)
Non-current liabilities	**(1,506)**	(416)
Net assets	**9,913**	473
Revenue	**286**	276
Profit for the year	**(416)**	12
Other comprehensive income	**92**	–
Total comprehensive income for the year	**(324)**	12

The principal associated companies of Swire Properties Limited are shown on pages 208 to 210. 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 credit 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 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.

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 2023						
Loans due from joint venture companies	*20*	**–**	**–**	**14,781**	**14,781**	**14,781**
Loans due from associated companies	*21*	**–**	**–**	**209**	**209**	**209**
Trade and other receivables excluding prepayments	*24*	**–**	**–**	**3,399**	**3,399**	**3,399**
Cash and cash equivalents	*25*	**–**	**–**	**5,097**	**5,097**	**5,097**
Derivative financial assets	*29*	**–**	**57**	**–**	**57**	**57**
Financial assets at fair value through profit or loss						
– Unlisted equity investments		**623**	**–**	**–**	**623**	**623**
Total		**623**	**57**	**23,486**	**24,166**	**24,166**
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	*25*	–	–	4,502	4,502	4,502
Derivative financial assets	*29*	–	96	–	96	96
Financial assets at fair value through profit or loss						
– Unlisted equity investments		460	–	–	460	460
Other financial assets at amortised cost	*24*	–	–	520	520	520
Total		460	96	22,585	23,141	23,141
Liabilities as per consolidated statement of financial position						
At 31st December 2023						
Trade and other payables excluding non-financial liabilities	*26*	**613**	**–**	**9,146**	**9,759**	**9,759**
Long-term loans and bonds	*28*	**–**	**–**	**41,169**	**41,169**	**40,598**
Lease liabilities	*27*	**–**	**–**	**607**	**607**	**607**
Derivative financial liabilities	*29*	**–**	**22**	**–**	**22**	**22**
Total		**613**	**22**	**50,922**	**51,557**	**50,986**
At 31st December 2022						
Trade and other payables excluding non-financial liabilities	*26*	590	–	9,414	10,004	10,004
Long-term loans and bonds	*28*	–	–	22,835	22,835	21,910
Lease liabilities	*27*	–	–	614	614	614
Total		590	–	32,863	33,453	32,528

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 or based on quotes from market makers, 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 2023			
Derivatives used for hedging (note 29)	**57**	**–**	**57**
Financial assets at fair value through profit or loss			
– Unlisted equity investments	**–**	**623**	**623**
	57	**623**	**680**
At 31st December 2022			
Derivatives used for hedging (note 29)	96	–	96
Financial assets at fair value through profit or loss			
– Unlisted equity investments	–	460	460
	96	460	556
Liabilities as per consolidated statement of financial position			
At 31st December 2023			
Derivatives used for hedging (note 29)	**22**	**–**	**22**
Put option in respect of a non-controlling interest (note 26)	**–**	**613**	**613**
	22	**613**	**635**
At 31st December 2022			
Put option in respect of a non-controlling interest (note 26)	–	590	590

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 2023:

	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 2023	**460**	**590**
Additions	**163**	**–**
Distribution during the year	**–**	**(30)**
Change in fair value recognised as net finance charges*	**–**	**53**
At 31st December 2023	**623**	**613**
*** Included unrealised losses recognised on balances held at 31st December 2023**	**–**	**53**
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

The fair value of unlisted investments classified within level 3 is predominately determined using quotes from market makers, which use assumptions that are based on market conditions existing at each year-end date. The significant unobservable inputs used are yields and market prices. 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 2024 and the discount rate used is 6.3% (2022: 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 2023. 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. Completed properties are available for immediate sale and are classified as current assets.

	2023 HK$M	2022 HK$M
Properties for sale		
Properties under development		
– development costs	**1,586**	619
– leasehold land	**7,389**	7,389
Completed properties		
– development costs	**84**	138
– leasehold land	**62**	118
	9,121	8,264

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.

	2023 HK$M	2022 HK$M
Trade debtors	**500**	385
Prepayments and accrued income	**116**	85
Amounts due from an intermediate holding company	**1**	5
Other financial assets at amortised cost	**–**	520
Other receivables	**2,889**	1,839
	3,506	2,834

The analysis of the age of trade debtors at the year end (based on their invoice dates) is as follows:

	2023 HK$M	2022 HK$M
Up to 3 months	**468**	354
Between 3 and 6 months	**14**	15
Over 6 months	**18**	16
	500	385

Other financial assets at amortised cost represented a deferred payment for the sale of the Group's interest in the Cityplaza One office tower in Hong Kong in 2020. The deferred payment was recognised at amortised cost using an effective interest rate of 3% per annum. The deferred payment of HK$535 million was received during the year in accordance with the sale and purchase agreement.

Other receivables include rent free and other lease incentives to tenants of HK$1,451 million (2022: HK$1,198 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 2023, trade debtors of HK$154 million (2022: HK$145 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 2023 and 31st December 2022 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 2023 was HK$2,965 million (2022: HK$2,715 million).

25. 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.

	2023 HK$M	2022 HK$M
Short-term deposits maturing within three months	**838**	307
Bank balances	**4,259**	4,195
	5,097	4,502

The effective interest rates on short-term deposits of the Group ranged from 4.5% to 6.1% per annum (2022: 3.5% to 5.2% per annum); these deposits have maturities from 12 to 93 days (2022: 33 to 94 days).

The maximum exposure to credit risk in respect of bank balances and short-term deposits at 31st December 2023 and 31st December 2022 is the carrying value of the bank balances and short-term deposits disclosed above.

26. 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 as fair value through profit or loss.

26. Trade and Other Payables *(continued)*

	2023 HK$M	2022 HK$M
Trade creditors	**1,046**	812
Rental deposits from tenants	**2,965**	2,715
Deposits received on sale of investment properties	**269**	1
Put option in respect of a non-controlling interest	**613**	590
Other payables		
Accrued capital expenditure	**1,155**	1,283
Amounts due to an intermediate holding company	**112**	83
Amounts due to a joint venture company	**–**	113
Amounts due to an associated company	**13**	–
Interest-bearing advances from joint venture companies at 4.65% per annum	**–**	256
Advances from a non-controlling interest	**1,236**	1,173
Others	**2,622**	2,982
	5,138	5,890
	10,031	10,008
Amounts due after one year included under non-current liabilities	**(268)**	–
	9,763	10,008

Amounts due to an intermediate holding company, an associated company, joint venture companies and a non-controlling interest are unsecured and have no fixed term of repayment. Apart from the interest-bearing advances from the joint venture companies, the balances are interest-free.

Other payables due after one year under non-current liabilities represents deposits received for the sale of the Group's interests in the 42nd to 44th floors of the One Island East office tower in Hong Kong during the year. The sale of each of these floors will be completed in accordance with the terms specified in the sale and purchase agreements before the end of 2028.

The analysis of the age of trade creditors at the year end is as follows:

	2023 HK$M	2022 HK$M
Up to 3 months	**1,046**	812

27. Lease Liabilities

	2023 HK$M	2022 HK$M
Maturity profile at the year end is as follows:		
Within 1 year	**80**	79
Between 1 and 2 years	**84**	73
Between 2 and 5 years	**180**	192
Over 5 years	**263**	270
	607	614
Amount due within one year included under current liabilities	**(80)**	(79)
	527	535

At 31st December 2023, the weighted average incremental borrowing rate applied in measuring the lease liabilities was 3.4% per annum (2022: 3.3% per annum).

For the accounting policy in respect of lease liabilities, please refer to right-of-use assets (note 18).

28. 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.

Refer to the tables with the headings "Audited Financial Information" on pages 82 to 85 for details of the Group's borrowings.

28. Borrowings *(continued)*

	2023 HK$M	2022 HK$M
Long-term bank loans – secured		
Repayable within 1 year	**94**	–
Repayable between 1 and 2 years	**463**	–
Repayable between 2 and 5 years	**1,354**	–
Repayable after 5 years	**809**	–
	2,720	–
Long-term bank loans – unsecured		
Repayable within 1 year	**6,369**	500
Repayable between 1 and 2 years	**593**	776
Repayable between 2 and 5 years	**9,940**	6,535
	16,902	7,811
Other borrowings – unsecured		
Repayable within 1 year	**1,100**	200
Repayable between 1 and 2 years	**5,017**	1,099
Repayable between 2 and 5 years	**13,962**	8,660
Repayable after 5 years	**1,468**	5,065
	21,547	15,024
Total	**41,169**	22,835
Amounts due within one year included under current liabilities		
– secured	**94**	–
– unsecured	**7,469**	700
	7,563	700
Amounts due after one year included under non-current liabilities		
– secured	**2,626**	–
– unsecured	**30,980**	22,135
	33,606	22,135

During the year ended 31st December 2023, the Group designated certain Renminbi-denominated borrowings in total of HK$9,727 million (2022: nil) to hedge the exposure arising from the net investments in subsidiaries, joint venture and associated companies with major operations in the Chinese Mainland. Losses arising from these hedging instruments of HK$50 million (2022: nil) have been recognised in other comprehensive income as an effective hedge.

(a) The effective interest rates per annum (before interest rate and cross-currency swaps) at 31st December were as follows:

	2023			2022	
	HKD %	RMB %	USD %	HKD %	USD %
Long-term loans and bonds	**2.4-6.6**	**3.0-3.9**	**3.5-6.3**	2.3-5.7	3.5-5.2

There were no uncommitted bank loans at 31st December 2023 and 2022. Bank loans and other borrowings are repayable on various dates up to 2033 (2022: 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:

	2023 HK$M	2022 HK$M
Hong Kong dollars	**13,929**	11,958
United States dollars	**11,313**	10,877
Renminbi	**15,927**	–
	41,169	22,835

29. 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 designates certain derivatives as either: (a) hedges of highly probable forecast transactions ("cash flow hedges"); or (b) hedges of net investments in foreign operations ("net investment hedges").

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. The Group also documents its risk management objectives and strategy for undertaking various hedge transactions.

(a) Cash flow hedges that qualify for hedge accounting

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 flow, 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.

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.

(b) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of a hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Gains and losses accumulated in equity are transferred to the consolidated statement of profit or loss when the foreign operation is disposed of.

(c) Rebalancing of hedge relationships

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.

29. Derivative Financial Instruments *(continued)*

	2023		2022	
	Assets HK$M	**Liabilities HK$M**	Assets HK$M	Liabilities HK$M
Interest rate and cross-currency swaps – cash flow hedges				
– due after one year	**57**	**22**	96	–

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 2023 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).

The notional principal amounts of the outstanding derivative financial instruments are as follows:

	2023 HK$M	2022 HK$M
Cross-currency swaps	**7,814**	7,797
Interest rate swaps	**2,950**	–

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 2023 and 31st December 2022, all cash flow hedges qualifying for hedge accounting were highly effective.

30. 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:

	2023 HK$M	2022 HK$M
Deferred tax assets	**88**	64
Deferred tax liabilities	**(14,082)**	(11,248)
At 31st December	**(13,994)**	(11,184)

Substantially all deferred tax balances are to be recovered or settled after more than 12 months.

30. Deferred Taxation *(continued)*

The movement on the net deferred tax liabilities account is as follows:

	2023 HK$M	2022 HK$M
At 1st January	**11,184**	10,668
Translation differences	**(201)**	(591)
Acquisition of subsidiary companies (note 43)	**2,536**	–
Charged to profit or loss (note 11)	**486**	1,079
(Credited)/Charged to other comprehensive income	**(11)**	35
Disposal of subsidiary companies	**–**	(7)
At 31st December	**13,994**	11,184

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		Right-of-use assets		Others		Total	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
At 1st January										
– as originally stated	**4,881**	4,384	**6,091**	6,108	**–**	–	**811**	804	**11,783**	11,296
– impact of amendments to HKAS 12	**(25)**	(7)	**–**	–	**161**	146	**–**	–	**136**	139
– as restated	**4,856**	4,377	**6,091**	6,108	**161**	146	**811**	804	**11,919**	11,435
Translation differences	**(31)**	(86)	**(170)**	(489)	**(2)**	(11)	**(2)**	2	**(205)**	(584)
Acquisition of subsidiary companies	**348**	–	**2,084**	–	**10**	–	**96**	–	**2,538**	–
Charged to profit or loss	**417**	572	**106**	472	**1**	26	**139**	10	**663**	1,080
Credited to other comprehensive income	**–**	–	**–**	–	**–**	–	**(2)**	(5)	**(2)**	(5)
Disposal of subsidiary companies	**–**	(7)	**–**	–	**–**	–	**–**	–	**–**	(7)
At 31st December	**5,590**	4,856	**8,111**	6,091	**170**	161	**1,042**	811	**14,913**	11,919

Deferred tax assets

	Tax losses		Lease liabilities		Others		Total	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
At 1st January								
– as originally stated	**323**	249	**–**	–	**276**	379	**599**	628
– impact of amendments to HKAS 12	**–**	–	**136**	139	**–**	–	**136**	139
– as restated	**323**	249	**136**	139	**276**	379	**735**	767
Translation differences	**1**	5	**(2)**	(10)	**(3)**	12	**(4)**	7
Acquisition of subsidiary companies	**–**	–	**11**	–	**(9)**	–	**2**	–
Credited/(Charged) to profit or loss	**105**	69	**(9)**	7	**81**	(75)	**177**	1
Credited/(Charged) to other comprehensive income	**–**	–	**–**	–	**9**	(40)	**9**	(40)
At 31st December	**429**	323	**136**	136	**354**	276	**919**	735

30. 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$2,449 million (2022: HK$2,458 million) to carry forward against future taxable income.

These amounts are analysed as follows:

	Unrecognised tax losses	
	2023 HK$M	2022 HK$M
No expiry date	**1,289**	1,253
Expiring within 1 year	**86**	89
Expiring between 1 and 5 years	**315**	395
Expiring between 5 and 10 years	**–**	–
Expiring between 10 and 20 years	**759**	721
	2,449	2,458

31. 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 384 car parking spaces at stages I to IX of the Taikoo Shing residential development in Hong Kong.

32. 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.

32. Retirement Benefits *(continued)*

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.

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 32(f).

For the year ended 31st December 2023 and 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 2023 and 2022 by Cannon Trustees Limited, the main administration manager of the Group's defined benefit schemes.

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 104% (2022: 117%) of the accrued liabilities on an ongoing basis. The Group expects to make contributions of HK$87 million to its defined benefit schemes in 2024.

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:

	2023 HK$M	2022 HK$M
Present value of funded obligations	**1,200**	1,018
Fair value of plan assets	**(1,155)**	(1,032)
Net retirement benefit liabilities/(assets)	**45**	(14)
Represented by:		
Retirement benefit assets	**–**	(14)
Retirement benefit liabilities	**45**	–
	45	(14)

32. Retirement Benefits *(continued)*

(b) Changes in the present value of the defined benefit obligations are as follows:

	2023 HK$M	2022 HK$M
At 1st January	**1,018**	1,442
Current service cost	**88**	114
Interest expense	**50**	30
Actuarial losses/(gains) from changes in financial assumptions	**105**	(436)
Experience losses	**17**	18
Transfer	**(7)**	5
Benefits paid	**(71)**	(155)
At 31st December	**1,200**	1,018

The weighted average duration of the defined benefit obligations is 10.92 years (2022: 10.92 years).

(c) Changes in the fair value of plan assets are as follows:

	2023 HK$M	2022 HK$M
At 1st January	**1,032**	1,255
Interest income	**53**	27
Return on plan assets, excluding interest income	**66**	(173)
Contributions by employers	**82**	73
Transfer	**(7)**	5
Benefits paid	**(71)**	(155)
At 31st December	**1,155**	1,032

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:

	2023 HK$M	2022 HK$M
Current service cost	**88**	114
Net interest cost	**(3)**	3
	85	117

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 2023 amounted to HK$105 million (2022: HK$132 million), including HK$20 million (2022: HK$15 million) in respect of defined contribution schemes.

The actual return on defined benefit plan assets was a gain of HK$119 million (2022: loss of HK$146 million).

32. 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	
	2023 HK$M	2022 HK$M
Equities		
Asia Pacific	**95**	76
Europe	**78**	67
North America	**270**	228
Emerging markets	**286**	248
Bonds		
Global	**97**	86
Emerging markets	**16**	11
Absolute return funds	**300**	283
Cash	**13**	33
	1,155	1,032

At 31st December 2023, the prices of 89% of equities and 70% of bonds were quoted on active markets (2022: 96% and 29% 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.

32. Retirement Benefits *(continued)*

(f) The significant actuarial assumptions used are as follows:

	2023	2022
Discount rate	**4.26%**	5.08%
Expected rate of future salary increases	**4.73% to 6.90% p.a. for 2024; 4.00% p.a. thereafter**	7.42% to 12.38% p.a. for 2023; 4.00% p.a. thereafter

The sensitivity of the defined benefit obligations to changes in actuarial assumptions is:

	2023 Increase/(Decrease) in defined benefit obligation			2022 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%**	**(65)**	**69**	0.5%	(59)	46
Expected rate of future salary increases	**0.5%**	**69**	**(65)**	0.5%	63	(60)

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.

33. Share Capital

	Ordinary shares	**HK$M**
Issued and fully paid with no par value:		
At 1st January 2023 and 31st December 2023	**5,850,000,000**	**10,449**
At 1st January 2022 and 31st December 2022	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 2023 and 31st December 2022.

34. 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 2023	280,008	(1,108)	2,007	9	(2,154)	278,762
Profit for the year	2,637	–	–	–	–	2,637
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
– gains recognised during the year	–	–	46	–	–	46
– deferred tax	–	–	(11)	–	–	(11)
Defined benefit plans						
– remeasurement losses recognised during the year	(56)	–	–	–	–	(56)
– deferred tax	9	–	–	–	–	9
Cash flow hedges						
– losses recognised during the year	–	–	–	(38)	–	(38)
– transferred to net finance charges	–	–	–	(41)	–	(41)
– deferred tax	–	–	–	13	–	13
Share of other comprehensive income of joint venture and associated companies						
– recognised during the year	–	–	–	–	(103)	(103)
– reclassified to profit or loss on deemed disposal	–	–	–	–	228	228
Net translation differences on foreign operations recognised during the year	–	–	–	–	(904)	(904)
Total comprehensive income for the year	2,590	–	35	(66)	(779)	1,780
2022 second interim dividend (note 13)	(3,978)	–	–	–	–	(3,978)
2023 first interim dividend (note 13)	(1,931)	–	–	–	–	(1,931)
At 31st December 2023	276,689	(1,108)	2,042	(57)	(2,933)	274,633

34. 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 2022	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	(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

(a) The Group's revenue reserve includes retained earnings from joint venture companies amounting to HK$9,999 million (2022: HK$14,219 million) and accumulated losses from associated companies amounting to HK$426 million (2022: retained earnings of HK$160 million).

(b) The Group's revenue reserve includes HK$4,212 million (2022: HK$3,978 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 2023, the Group's cash flow hedge reserve includes HK$38 million (net of tax) (2022: HK$5 million) relating to the currency basis element of the Group's derivatives which is recognised separately as a cost of hedging.

35. Company Statement of Financial Position and Reserves

(a) Company Statement of Financial Position

At 31st December 2023	Note	2023 HK$M	2022 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**45**	33
Intangible assets		**144**	126
Right-of-use assets		**24**	34
Subsidiary companies		**132,599**	126,204
Loans due from joint venture companies		**2,967**	2,801
Associated companies		**3**	3
Retirement benefit assets		**–**	23
		135,782	129,224
Current assets			
Trade and other receivables		**66**	614
Taxation recoverable		**12**	–
Cash and cash equivalents		**960**	470
		1,038	1,084
Current liabilities			
Trade and other payables		**29,479**	22,791
Taxation payable		**–**	8
Lease liabilities due within one year		**14**	12
		29,493	22,811
Net current liabilities		**(28,455)**	(21,727)
Total assets less current liabilities		**107,327**	107,497
Non-current liabilities			
Long-term lease liabilities		**11**	22
Deferred tax liabilities		**21**	25
Retirement benefit liabilities		**33**	–
		65	47
NET ASSETS		**107,262**	107,450
EQUITY			
Equity attributable to the Company's shareholders			
Share capital	*33*	**10,449**	10,449
Reserves	*35(b)*	**96,813**	97,001
TOTAL EQUITY		**107,262**	107,450

Guy Bradley
May Wu
Directors

Hong Kong, 14th March 2024

35. 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 2023	**97,001**
Profit for the year (note 12)	**5,763**
Other comprehensive income	
Defined benefit plans	
– remeasurement losses recognised during the year	**(50)**
– deferred tax	**8**
Total comprehensive income for the year	**5,721**
2022 second interim dividend (note 13)	**(3,978)**
2023 first interim dividend (note 13)	**(1,931)**
At 31st December 2023	**96,813**
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	(3,744)
2022 first interim dividend (note 13)	(1,872)
At 31st December 2022	97,001

(i) Distributable reserves of the Company at 31st December 2023 amounted to HK$96,813 million (2022: HK$97,001 million).

(ii) The Company's revenue reserve includes HK$4,212 million (2022: HK$3,978 million) representing the declared second interim dividend for the year (note 13).

36. Non-controlling Interests

The movement of non-controlling interests during the year is as follows:

	2023 HK$M	2022 HK$M
At 1st January	**3,047**	1,986
Share of profit less losses for the year	**114**	247
Share of translation differences on foreign operations	**(25)**	(110)
Share of total comprehensive income	**89**	137
Capital contribution from non-controlling interests	**26**	1,020
Dividends paid and payable	**(95)**	(96)
At 31st December	**3,067**	3,047

37. Capital Commitments

	2023 HK$M	2022 HK$M
(a) The Group's outstanding capital commitments at the year end in respect of:		
Property, plant and equipment		
Contracted but not provided for	**35**	12
Authorised by Directors but not contracted for	**245**	491
Investment properties		
Contracted but not provided for	**5,795**	2,986
Authorised by Directors but not contracted for	**12,012**	17,028
	18,087	20,517
The Group's share of capital commitments of joint venture companies at the year end*		
Contracted but not provided for	**850**	393
Authorised by Directors but not contracted for	**6,278**	7,044
	7,128	7,437

* of which the Group is committed to funding HK$797 million (2022: HK$331 million).

At 31st December 2023, the Group was committed to inject capital of HK$275 million (2022: HK$421 million) into joint venture companies.

(b) At 31st December 2023, the Group had unprovided contractual obligations for future repairs and maintenance on investment properties of HK$267 million (2022: HK$380 million).

38. 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.

	2023 HK$M	2022 HK$M
Guarantees provided in respect of:		
Bank loans and other liabilities of joint venture companies	**3,996**	4,181
Bank guarantees given in lieu of utility deposits and others	**73**	73
	4,069	4,254

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.

39. 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$1,224 million (2022: HK$837 million).

The future aggregate minimum lease receipts under non-cancellable operating leases were receivable by the Group at the year end as follows:

	2023 HK$M	2022 HK$M
Investment properties		
Within 1 year	**8,753**	8,100
Between 1 and 2 years	**6,908**	6,691
Between 2 and 3 years	**5,150**	4,955
Between 3 and 4 years	**3,414**	3,561
Between 4 and 5 years	**1,997**	2,317
After 5 years	**2,932**	3,006
	29,154	28,630

Assets held for deployment on operating leases at the year end were as follows:

	2023 HK$M	2022 HK$M
Investment properties at fair value	**256,786**	248,114

(b) Lessee

At 31st December 2023, 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 2023 (2022: none).

40. 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 profit 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 2023, service fees payable amounted to HK$205 million (2022: HK$186 million). Expenses of HK$111 million (2022: HK$92 million) were reimbursed at cost; in addition, HK$103 million (2022: HK$80 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 2023, 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$105 million (2022: HK$109 million) and HK$43 million (2022: HK$38 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		Associated companies		Fellow subsidiary companies		Immediate holding company		Intermediate holding company		Other related parties	
	Note	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M
Purchase of services	*(a)*	**–**	–	**–**	–	**37**	28	**–**	–	**–**	–	**–**	–
Rendering of services	*(a)*	**69**	67	**–**	–	**–**	–	**–**	–	**1**	8	**–**	–
Rental revenue	*(b)*	**–**	–	**–**	–	**43**	28	**–**	10	**105**	109	**1**	1
Rental expenses	*(b)*	**10**	9	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Revenue from hotels		**16**	9	**–**	–	**3**	–	**–**	–	**2**	1	**4**	70
Interest income	*(c)*	**129**	50	**7**	–	**–**	–	**–**	–	**–**	–	**–**	–
Interest charges	*(c)*	**2**	16	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–

Notes:

(a) Purchase 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 2023 are disclosed in notes 20 and 21. Advances from joint venture and associated companies are disclosed in note 26.

Remuneration of key management, which includes Executive and Non-Executive Directors and Executive Officers, is disclosed in note 9.

41. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2023 HK$M	2022 HK$M
Operating profit	**5,180**	9,024
Change in fair value of investment properties	**2,829**	(801)
Change in fair value of assets classified as held for sale	**442**	(48)
Depreciation	**353**	296
Amortisation of initial leasing costs on investment properties	**96**	79
Amortisation of intangible assets	**66**	53
Net gains arising from the acquisition of interests in joint venture companies	**(323)**	–
Gains on disposal of subsidiary companies	**–**	(520)
Losses/(Gains) on disposal of investment properties	**16**	(31)
Losses on disposal of property, plant and equipment	**2**	–
Losses/(Gains) on disposal of assets classified as held for sale	**44**	(20)
Other items	**8**	144
Operating profit before working capital changes	**8,713**	8,176
Decrease in amounts due from immediate holding company	**–**	1
Increase in properties for sale	**(589)**	(1,667)
Decrease/(Increase) in stocks	**1**	(1)
Increase in trade and other receivables	**(902)**	(89)
Increase in trade and other payables	**281**	62
Decrease in contract liabilities	**(9)**	(106)
Decrease in retirement benefit liabilities	**(3)**	(44)
Cash generated from operations	**7,492**	6,332

(b) Purchase of property, plant and equipment

	2023 HK$M	2022 HK$M
Land and buildings	**14**	12
Plant and equipment	**203**	121
Total	**217**	133

The above purchase amounts do not include interest capitalised on property, plant and equipment.

Refer to the tables with the headings "Audited Financial Information" on page 82 for details of the changes in financing during the year.

42. 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.

43. Business Combinations

As mentioned in note 20, the Group further acquired 35% equity interests in the existing joint venture companies owning Taikoo Li Chengdu in the Chinese Mainland from Sino-Ocean Group Holding Limited and its subsidiaries and these joint venture companies became wholly-owned subsidiaries of the Group on 22nd February 2023. The acquisition creates long-term value for the Group and its shareholders.

Details of the purchase consideration, the net identifiable assets acquired and goodwill are as follows:

	Fair value HK$M
Property, plant and equipment	632
Investment properties (Note)	15,291
Intangible assets	8
Right-of-use assets	105
Stocks	6
Trade and other receivables	536
Cash and cash equivalents	684
Trade and other payables	(837)
Taxation payable	(27)
Long-term loans and bonds	(3,151)
Lease liabilities	(42)
Deferred tax liabilities	(2,536)
Net identifiable assets acquired	10,669
Goodwill	1,419
	12,088
Satisfied by:	
Purchase consideration settled in cash	4,383
Fair value of the equity interests previously held by the Group	7,705
	12,088
Analysis of the net outflow of cash and cash equivalents for acquisition:	
Purchase consideration settled in cash	4,383
Less: Cash and cash equivalents acquired	(684)
Net cash outflow on acquisition	3,699

Note:
The amounts include investment properties acquired of HK$15,230 million and initial leasing costs acquired of HK$61 million.

The fair value of the acquired trade and other receivables was HK$536 million by which included trade receivables with a fair value of HK$65 million. None of these are expected to be uncollectible.

The goodwill is mainly attributable to the growth opportunity. These benefits do not qualify for separate recognition of intangible assets and are not expected to be deductible for tax purposes.

The gain arising from remeasuring the fair value of the existing equity interests in Taikoo Li Chengdu held by the Group before the acquisition amounted to HK$551 million. It is recognised in the consolidated statement of profit or loss within other net gains/(losses).

Acquisition-related costs of HK$11 million have been recognised in the consolidated statement of profit or loss.

The acquired business contributed revenue of HK$1,256 million and a profit of HK$960 million to the Group for the period from the date of completion of its acquisition (22nd February 2023) to 31st December 2023.

If the acquisition had occurred on 1st January 2023, the acquired business would have contributed pro-forma revenue of HK$1,494 million and earned a profit of HK$1,073 million for the year ended 31st December 2023. These amounts have been calculated using the results of the acquired business and adjusting them for the additional depreciation and amortisation that would have been charged assuming fair value adjustments to property, plant and equipment and intangible assets had applied from 1st January 2023, together with the consequential tax effects.

ACCOUNTING POLICIES

Apart from the material accounting policies presented within the corresponding notes to the financial statements, the other material 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.

PRINCIPAL SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

Showing proportion of capital owned at 31st December 2023

	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
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 RMB3,550,400,000	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
Chengdu Qianhao Real Estate Company Limited	100	–	100	Registered capital of US$329,000,000	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 enterprise)					
Xi'an Tengyun Real Estate Company Limited (b)	70	–	70	Registered capital of RMB3,653,743,600	Property 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 2.6% of attributable net assets at 31st December 2023.

	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:					
50A Developer LLC	100	–	100	Limited Liability Company	Property trading and investment
BCC Hotel Management Services LLC	100	–	100	Limited Liability Company	Hotel management
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
OID Holding Company LLC	100	–	100	Limited Liability Company	Property trading and investment
OID T1 Developer LLC	100	–	100	Limited Liability Company	Property trading
OID T2 Developer LLC	100	–	100	Limited Liability Company	Property trading
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:					
Apex Best Investments Limited	100	100	–	1 share of US$1	Property investment
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
Da Long Limited	100	100	–	1 share of US$1	Property investment
Gold Fountain Ventures 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
Keen Elite Group Limited	100	–	100	1 share of US$1	Property 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
Park Concept Group Limited	100	100	–	1 share of US$1	Property investment
Prosperous Dynasty Limited	100	100	–	1 share of US$1	Property investment
Sound Dragon Trading Co., Ltd.	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
Incorporated in the British Virgin Islands with limited liability and operating in the Chinese Mainland:					
Great City China Holdings Limited	100	–	100	100 shares of US$1 each	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

Showing proportion of capital owned at 31st December 2023

	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
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 enterprise)					
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)(d)	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	1,728,176 shares of Rp1,000,000 each	Property trading
Incorporated in Thailand with limited liability and operating in Thailand:					
City Dynamic Limited (d)	40	–	40	5,000,000 shares of Baht10 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 the Chinese Mainland with limited liability and operating in the Chinese Mainland:					
(Sino–foreign owned enterprises)					
Shanghai Dongmao Real Estate Limited (b)	40	–	40	Registered capital of RMB16,000,000,000	Property investment
Shanghai Yaolong Investment Limited (b)	40	–	40	Registered capital of RMB2,200,000,000	Property trading and 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 2023

	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	4,597,709	1,621,358	496,508	–	7,415,802	9,261,063
Office	8,239,238	735,314	1,693,125	1,244,955	–	–	9,932,363	11,912,632
Residential/Serviced apartment	555,551	–	157,180	73,662	–	–	712,731	786,393
Hotels	358,371	435,770	872,034	467,442	–	258,750	1,230,405	2,392,367
	11,474,745	1,394,987	7,320,048	3,407,417	496,508	258,750	19,291,301	24,352,455
Property developments for investment								
Retail	–	–	–	2,079,324	–	–	–	2,079,324
Office	223,303	–	–	1,524,077	–	–	223,303	1,747,380
Residential/Serviced apartment	15,000	–	–	–	–	–	15,000	15,000
Hotels	–	–	–	121,381	–	–	–	121,381
Under planning	779,000	–	2,936,376	1,672,454	1,510,000*	–	5,225,376	6,897,830
	1,017,303	–	2,936,376	5,397,236	1,510,000	–	5,463,679	10,860,915
Completed properties for sale								
Residential/Serviced apartment	5,608	–	–	–	–	18,697	5,608	24,305
	5,608	–	–	–	–	18,697	5,608	24,305
Property developments for sale								
Retail	15,199	–	–	–	–	–	15,199	15,199
Residential/Mixed-use	795,266	379,576	–	463,623	1,073,000	2,057,758	1,868,266	4,769,223
	810,465	379,576	–	463,623	1,073,000	2,057,758	1,883,465	4,784,422
	13,308,121	1,774,563	10,256,424	9,268,276	3,079,508	2,335,205	26,644,053	40,022,097

* Brickell City Centre land 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 9,498 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	2004/2007	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)	601,723	204	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 (part) QBML 1 sC ss6 (part) QBML 2 & Ext. sF (part) QBML 2 & Ext. sG (part) QBML 2 & Ext. sH ss6 sB RP (part) QBML 2 & Ext. sH RP (part) QBML 2 & Ext. RP (part) QBIL 15 sD (part)	2881/2899	109,929 (part)	1,309,404	–	2008	Floor area is approximation and excludes nine floors which were assigned to SFC on 21st December 2023.
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. Five Pacific Place, 28 Hennessy Road, Wan Chai	ML 23 IL 2244 RP IL 2245 RP	2843	9,622	145,390	–	2012	
	Total held through subsidiaries			**8,239,238**	**1,400**		
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)	613,679	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			**1,545,538**	**501**		
	– of which attributable to the Group			**735,314**			

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	1988/1990	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/ 1987/ 1997/ 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	1,488	1977-1985	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 represents the whole of the retail podium.
	Total held through subsidiaries			**2,321,585**	**3,130**		
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	23,056	–	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.
8. 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.
9. Heritage Buildings in 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 Taikoo Li Chengdu.
	Total held through subsidiaries			**4,597,709**	**2,676**		
10. 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.
11. HKRI Taikoo Hui	South of West Nanjing Road and east of Shi Men Yi Road, Jing'an district, Shanghai	2049	676,091 (part)	1,039,407	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			**3,242,716**	**1,764**		
	– of which attributable to the Group			**1,621,358**			
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)	1,900,838	798	2016	Floor area shown represents the office portion, in which the Group owns a 50% interest.
	Total held through joint venture companies			**2,489,909**	**1,188**		
	– of which attributable to the Group			**1,244,955**			
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	–	2012	263-room hotel and 24 serviced apartments, in which the Group owns a 97% interest.
				Serviced apartment: 50,376	–		
				559,810			
3. The Temple House	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	814,604 (part)	Hotel: 193,137	–	2015	100-room hotel and 42 serviced apartments.
				Serviced apartment: 106,804	–		
				299,941			
	Total held through subsidiaries			**1,029,214**	**32**		
4. EAST Beijing	22 Jiuxianqiao Road, Chaoyang district, Beijing	2044 (2054 for office and car parks)	631,072 (part)	358,301	240	2012	365-room hotel, 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
Hotel *(continued)*							
5. The Sukhothai Shanghai Hotel	380 Weihai Road, Jing'an district, Shanghai	2049	676,091 (part)	Hotel: 328,625	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: 247,958	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: 147,323	40	2018	102 serviced apartments, in which the Group owns a 50% interest.
				723,906			
	Total held through joint venture companies			**1,082,207**	**402**		
	– of which attributable to the Group			**541,104**			

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	15,000	–	Superstructure works in progress	2024	Floor area shown is an approximation.
	Total held through subsidiaries			**15,000**	**–**			
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	Interior fit out works in progress	2024	Floor area shown is an approximation.
	Total held through subsidiaries			**223,303**	**88**			

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
Under planning								
1. 8 Shipyard Lane and 1067 King's Road	QBML 2 & Ext sE ss2 QBML 2 & Ext sE ss6	2899	51,937	Under planning: 779,000	To be determined	Under Planning	To be determined	
	Total held through subsidiaries			**779,000**	–			

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	2,233,401	Under planning: 2,233,401	2,582	Basement works in progress	From late 2025	A premium, resort-style, retail-led development in the Haitang district of Sanya. The Group owns a 50% interest.
2. INDIGO Phase Two, Beijing – retail portion	Next to and on the east of current INDIGO, Beijing	2060	842,807 (part)	Under planning: 889,608	To be determined	Basement and superstructure 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			**3,123,009**	**2,582**			
	– of which attributable to the Group			**1,428,063**				
3. Shanghai New Bund Mixed-use Project – retail portion	Next to and on the east of current Taikoo Li Qiantan, Pudong District, Shanghai	2053	686,789 (part)	Under planning: 1,628,152	1,674 total for retail and office	Basement and construction in progress	From 2025	A mixed-use development comprising retail, office and residential uses, directly opposite Taikoo Li Qiantan. The Group owns a 40% interest.
	Total held through associated companies			**1,628,152**	**1,674**			
	– of which attributable to the Group			**651,261**				
Office								
1. INDIGO Phase Two, Beijing – office portion	Next to and on the east of current INDIGO, Beijing	2070	842,807 (part)	Under planning: 2,809,103	To be determined	Basement and superstructure 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			**2,809,103**	**–**			
	– of which attributable to the Group			**983,186**				
2. Shanghai New Bund Mixed-use Project – office portion	Next to and on the east of current Taikoo Li Qiantan, Pudong District, Shanghai	2063	686,789 (part)	Under planning: 1,352,228	1,674 total for retail and office	Office towers topped out	From 2025	A mixed-use development comprising retail, office and residential uses, directly opposite Taikoo Li Qiantan. The Group owns a 40% interest.
	Total held through associated companies			**1,352,228**	**1,674**			
	– of which attributable to the Group			**540,891**				

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
Hotel								
1. INDIGO Phase Two, Beijing – hotel portion	Next to and on the east of current INDIGO, Beijing	2060	842,807 (part)	Under planning: 346,803	To be determined	Basement and superstructure works are in progress	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			**346,803**	–			
	– of which attributable to the Group			**121,381**				
Under planning								
1. Taikoo Li Xi'an	The Small Wild Goose Pagoda historical and cultural zone Beilin District, Xi'an	2064	1,383,111	Under planning: 2,936,376	To be determined	Excavation works in progress	From 2026	Retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel and serviced residences. The Group owns a 70% interest.
	Total held through subsidiaries			**2,936,376**	–			
2. Shanghai Yangjing Mixed-use Project	E08-4, E10-2, E12-1, E13-1 and E13-3 Plots in Yangjing Riverside, Pudong District, Shanghai	2061 for retail 2071 for office and culture 2091 for residential	1,635,418	Under planning: 4,181,136	To be determined	Basement structure works are in progress	From 2027	A mixed-use development comprising premium residential, retail, office and cultural facilities, potentially a lifestyle hotel as well. The Group owns a 40% interest.
	Total held through associated companies			**4,181,136**	–			
	– of which attributable to the Group			**1,672,454**				

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. Brickell City Centre land, Miami, Florida	123,347	Under planning: 1,510,000	To be determined	To be determined	The second phase of the Brickell City Centre development is being planned.
	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	93,485	–	2022	3 residential towers with 525 units, in which the Group effectively owns a 20% interest. Gross floor area 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 2023, sales of 467 units had been closed. Floor area shown represents the gross floor area of the remaining 58 residential units.
	Total held through associated companies		**93,485**	–		
	– of which attributable to the Group		**18,697**			

Completed properties for sale in 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)	5,608	–	2022	Residential block comprising 37 units over retail podium. As of 31st December 2023, sales of 33 units had been closed. Floor area shown represents the gross floor area of remaining 4 residential units.
	Total held through subsidiaries		**5,608**	**–**		

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	2026	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	From 2025	The residential portion of the whole development, in which the Group owns a 80% interest.
	Total held through subsidiaries			**795,266**	**–**		
3. LA MONTAGNE, Wong Chuk Hang	AIL 467	2067	738,199 (part)	638,305	138	2024	Floor area shown represents the whole Wong Chuk Hang Station Package Four development, in which the Group owns a 25% interest.
4. 983-987A King's Road and 16-94 Pan Hoi Street	QBML 1 sJ ss1 QBML 1 sJ ss2 QBML 1 sJ ss3 QBML 1 sJ ss4 QBML 1 sJ ss5 QBML 1 sJ ss6 QBML 1 sJ ss7 QBML 1 sJ RP QBML 1 sK ss1 QBML 1 sK ss2 QBML 1 sK ss3 QBML 1 sK ss4 QBML 1 sK ss5 QBML 1 sK RP QBML 1 sL ss1 QBML 1 sL RP	2881	42,018	Residential/ Retail: 440,000	To be determined	2028	Residential blocks over retail podium. Floor area shown represents the whole development, in which the Group owns a 50% interest. The area shown is subject to change.
	Total held through joint venture companies			**1,078,305**	**138**		
	– of which attributable to the Group			**379,576**			
Retail							
1. 269 Queen's Road East	IL 9061	2072	13,203 (part)	13,197	To be determined	2026	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	From 2025	The retail portion of the whole development, in which the Group owns a 80% interest.
	Total held through subsidiaries			**15,199**	**–**		

SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2023

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	–	The Group has announced plans to develop a luxury residential and hospitality project on Brickell Key, Miami.
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 402 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: 5,357,318	3,990	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. Gross floor area 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		**5,357,318**	**3,990**		
	– of which attributable to the Group		**842,706**			

Property developments for sale in the Chinese Mainland	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Shanghai New Bund Mixed-use Project	Next to and on the east of current Taikoo Li Qiantan, Pudong District, Shanghai	686,789 (part)	Residential/ Mixed-use: 1,159,057	1,156	From 2025	A mixed-use development comprising retail, office and residential uses, directly opposite Taikoo Li Qiantan. As of December 2023, approximately 88% of residential properties have been pre-sold. The Group owns a 40% interest.
	Total held through associated companies		**1,159,057**	**1,156**		
	– of which attributable to the Group		**463,623**			

Property developments for sale in Thailand	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Wireless Road, Bangkok	Wireless Road, Bangkok	136,186	Residential: 1,634,220	1,000	2029	A freehold luxury condominium project located in the prime Lumphini sub-district, Bangkok. The project is expected to be completed in 2029. The Group holds 40% interest in the project.
	Total held through joint venture companies		**1,634,220**	**1,000**		
	– of which attributable to the Group		**653,688**			

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 2024

Shares traded ex-dividend	2nd April
Annual Report available to shareholders	5th April
Share register closed for 2023 second interim dividend entitlement	5th April
Payment of 2023 second interim dividend	2nd May
Share register closed for attending and voting at Annual General Meeting	2nd – 7th May
Annual General Meeting	7th May
Interim results announcement	August
2024 first interim dividend payable	October

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