SWIRE PROPERTIES

SWIRE PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01972)

2023 Annual Results

CONTENTS

FINANCIAL HIGHLIGHTS

	Note	2023 HK$M	2022 HK$M	Change
Results				
For the year				
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%
		HK$M	HK$M	
Financial Position				
At 31st December				
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 65 for definition.
(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 11.
(c) Refer to note 9 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	**2023 HK$M**	2022 HK$M
Property investment	**7,525**	7,409
Property trading	**(140)**	108
Hotels	**(100)**	(341)
Recurring underlying profit	**7,285**	7,176
Divestment	**4,285**	1,530
Underlying profit	**11,570**	8,706

CHAIRMAN'S STATEMENT

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

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

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

	HK$M
Underlying profit in 2022	8,706
Increase in profit from divestment	2,755
Increase in profit from property investment	116
Increase in losses from property trading	(248)
Decrease in losses from hotels	241
Underlying Profit in 2023	**11,570**

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.

HK$100 Billion Investment Plan

In March 2022, the Company announced a plan to invest HK$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland and in residential trading projects (including in South East Asia). The target allocation is HK$30 billion to Hong Kong, HK$50 billion to the Chinese Mainland and HK$20 billion to residential trading projects (including in South East Asia). At 8th March 2024 approximately HK$58 billion of the planned investments had been committed (HK$11 billion to the 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 table 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)		**Attributable Gross Rental Income**		**Net Assets Employed**	
	31st December 2023	31st December 2022	**Year ended 31st December 2023**	Year ended 31st December 2022	**31st December 2023**	31st December 2022
Hong Kong	**54%**	58%	**58%**	61%	**74%**	79%
Chinese Mainland	**43%**	40%	**40%**	37%	**23%**	19%
U.S.A. and elsewhere	**3%**	2%	**2%**	2%	**3%**	2%
Total	**100%**	100%	**100%**	100%	**100%**	100%

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 table 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)

Banking/Finance/Securities/Investment	26.9%
Trading	19.5%
Professional services (Accounting/Legal/Management consulting/Corporate secretarial)	15.8%
Insurance	9.9%
Technology/Media/Telecoms	8.8%
Real estate/Construction/Property development/Architecture	7.6%
Advertising and public relations	0.6%
Others	10.9%

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 table 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)

2024	15.2%
2025	19.1%
2026 and later	65.7%

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 table 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)	
Fashion and accessories	28.3%
Food and beverages	20.7%
Department stores	14.6%
Supermarkets	5.1%
Cinemas	4.2%
Jewellery and watches	1.9%
Ice rink	0.9%
Others	24.3%

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 table 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)	
2024	28.2%
2025	24.5%
2026 and later	47.3%

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 table 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)	
Fashion and accessories	44.7%
Food and beverages	23.9%
Supermarkets	5.1%
Cinemas	3.6%
Jewellery and watches	3.3%
Others	19.4%

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.

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 table 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)	
2024	33.9%
2025	21.4%
2026 and later	44.7%

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 table 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)

Banking/Finance/Securities/Investment	27.6%
Trading	25.5%
Professional services	15.4%
Technology/Media/Telecoms	14.8%
Pharmaceutical manufacturing	7.3%
Real estate/Construction/Property development/Architecture	6.6%
Others	2.8%

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 table 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)	
2024	19.1%
2025	19.5%
2026 and later	61.4%

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 table 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

GFA (sq. ft.)	2022	2023	2024	2025	2026	2027 and later
Taikoo Li Sanlitun, Beijing	1,789,000	1,792,309	1,792,309	1,792,309	1,792,309	1,792,309
Taikoo Li Chengdu (1)	1,075,468	1,654,565	1,654,565	1,654,565	1,654,565	1,654,565
Taikoo Hui, Guangzhou	3,668,857	3,668,857	3,668,857	3,668,857	3,668,857	3,668,857
INDIGO, Beijing	947,072	947,072	947,072	947,072	947,072	947,072
HKRI Taikoo Hui, Shanghai	1,768,311	1,865,984	1,865,984	1,865,984	1,865,984	1,865,984
Taikoo Li Qiantan, Shanghai	594,364	594,364	594,364	594,364	594,364	594,364
INDIGO Phase Two, Beijing	-	-	-	778,507	1,415,930	1,415,930
Taikoo Li Xi'an (2)	-	-	-	-	2,055,463	2,055,463
Sanya (3)	-	-	-	413,179	1,116,701	1,116,701
Shanghai New Bund Mixed-use Project (4)	-	-	-	1,192,152	1,192,152	1,192,152
Shanghai Yangjing Mixed-use Project (5)	-	-	-	-	-	1,672,454
Hui Fang, Guangzhou	90,847	90,847	90,847	90,847	90,847	90,847
Others	2,917	2,917	2,917	2,917	2,917	2,917
Total	**9,936,836**	**10,616,915**	**10,616,915**	**13,000,753**	**16,397,161**	**18,069,615**

(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.

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.

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.

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.

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.

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)**
						At 31st December	**At 31st December**
	2023	2024	2025	2026	2027 and later	**2023**	**2023**
	HK$M	HK$M	HK$M	HK$M	HK$M	**HK$M**	**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.

FINANCING

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.

At 31st December 2023, 68% of the Group's gross borrowings were on fixed rate basis and 32% were on floating rate basis (2022: 66% and 34% respectively).

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:

		Maturity Profile									
(HK$M)	**Total**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Facilities from third parties											
Term and revolving loans	32,451	6,469	3,263	2,685	9,807	9,418	369	308	132	-	-
Bonds	21,590	1,100	5,024	6,392	2,140	5,458	-	804	-	-	672
Total	**54,041**	**7,569**	**8,287**	**9,077**	**11,947**	**14,876**	**369**	**1,112**	**132**	**-**	**672**

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%

Gearing Ratio and 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 65 for definitions.

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	2022	**2023**	2022	**2023**	2022
	HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$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%.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss
For the year ended 31st December 2023

	Note	2023 HK$M	2022 HK$M
Revenue	2	**14,670**	13,826
Cost of sales	3	**(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	4	**(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	6	**(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	7	**(1,617)**	(2,065)
Profit for the year		**2,751**	8,227
Profit for the year attributable to:			
The Company's shareholders		**2,637**	7,980
Non-controlling interests		**114**	247
		2,751	8,227
		HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	9	**0.45**	1.36

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

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		**3,644**	3,165
Investment properties	10	**281,463**	271,368
Intangible assets		**1,555**	208
Right-of-use assets	11	**2,655**	2,482
Properties held for development	12	**1,210**	1,208
Joint venture companies		**19,276**	24,589
Loans due from joint venture companies		**14,781**	15,273
Associated companies		**10,583**	473
Loans due from associated companies		**209**	52
Derivative financial instruments		**57**	96
Deferred tax assets		**88**	64
Financial assets at fair value through profit or loss		**623**	460
Retirement benefit assets		**-**	14
		336,144	319,452
Current assets			
Properties for sale	14	**9,121**	8,264
Stocks		**77**	72
Trade and other receivables	15	**3,506**	2,834
Cash and cash equivalents		**5,097**	4,502
		17,801	15,672
Assets classified as held for sale	13	**543**	2,038
		18,344	17,710
Current liabilities			
Trade and other payables	16	**9,763**	10,008
Contract liabilities		**5**	14
Taxation payable		**378**	185
Long-term loans and bonds due within one year		**7,563**	700
Lease liabilities due within one year	17	**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		**33,606**	22,135
Long-term lease liabilities	17	**527**	535
Derivative financial instruments		**22**	-
Other payables	16	**268**	-
Deferred tax liabilities		**14,082**	11,248
Retirement benefit liabilities		**45**	-
		48,550	33,918
NET ASSETS		**288,149**	292,258
EQUITY			
Share capital	18	**10,449**	10,449
Reserves	19	**274,633**	278,762
Equity attributable to the Company's shareholders		**285,082**	289,211
Non-controlling interests		**3,067**	3,047
TOTAL EQUITY		**288,149**	292,258

Consolidated Statement of Cash Flows
For the year ended 31st December 2023

	2023 HK$M	2022 HK$M
Operating activities		
Cash generated from operations	**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	**(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	**535**	1,060
Payment for acquisition of subsidiary companies, net of cash acquired	**(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	**(5,909)**	(5,616)
Dividends paid to non-controlling interests	**(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	**5,097**	4,502

1. 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.

(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.

1. 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

1. 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.

2. Revenue

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

3. 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

4. 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

5. 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	**275**	232
Depreciation of right-of-use assets		
- leasehold land held for own use	**29**	25
- property	**49**	39
Amortisation of		
- intangible assets	**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.

6. Net Finance Charges

	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

7. Taxation

	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				
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.

8. Dividends

	2023	2022
	HK$M	HK$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.

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 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.

9. 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).

10. Investment Properties

	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	**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	**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

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

11. Right-of-use Assets

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

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".

12. Properties Held for Development

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

13. Assets Classified as Held for Sale

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.

14. Properties for Sale

	2023 HK$M	2022 HK$M
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

15. Trade and Other Receivables

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

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.

16. Trade and Other Payables

	2023	2022
	HK$M	HK$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

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

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

17. Lease Liabilities

	2023	2022
	HK$M	HK$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).

18. 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.

19. 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 8)	**(3,978)**	**-**	**-**	**-**	**-**	**(3,978)**
2023 first interim dividend (note 8)	**(1,931)**	**-**	**-**	**-**	**-**	**(1,931)**
At 31st December 2023	**276,689**	**(1,108)**	**2,042**	**(57)**	**(2,933)**	**274,633**

19. 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 8)	(1,872)	-	-	-	-	(1,872)
At 31st December 2022	280,008	(1,108)	2,007	9	(2,154)	278,762

20. Changes in Accounting Policies and Disclosures

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. 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.

21. Requirement in Connection with Publication of "Non-statutory Accounts" under Section 436 of the Hong Kong Companies Ordinance Cap. 622

The financial information relating to the years ended 31st December 2022 and 2023 that is included in this document does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the "Ordinance")) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2022 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The specified financial statements for the year ended 31st December 2023 have not been but will be delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. Auditor's reports have been prepared on the specified financial statements for the years ended 31st December 2022 and 2023. Those reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain statements under section 406(2) or 407(2) or (3) of the Ordinance.

ADDITIONAL INFORMATION

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 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 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.

On specific enquiries made, all the Directors of the Company have confirmed that, in respect of the accounting period covered by the annual report, they have complied with the required standard set out in the Model Code and the Securities Code.

Details of the Company's corporate governance principles and processes will be available in the 2023 annual report.

The annual results have been reviewed by the Audit Committee of the Company.

Annual Report

The 2023 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company website www.swireproperties.com. Printed copies will be available to shareholders on 5th April 2024.

List of Directors

At the date of this announcement, the Directors of the Company are:

Executive Directors: Guy Bradley (Chairman), Tim Blackburn, Fanny Lung, Mabelle Ma;
Non-Executive Directors: Adam Fenwick, Raymond Lim, Martin Murray, Richard Sell, Merlin Swire; and
Independent Non-Executive Directors: Lily Cheng, Thomas Choi, Spencer Fung, May Wu and Angela Zhu.

By Order of the Board
Swire Properties Limited
Guy Bradley
Chairman
Hong Kong, 14th March 2024

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

$$\text{Earnings per share} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Interest cover} = \frac{\text{Operating profit}}{\text{Net finance charges}}$$

$$\text{Return on average equity attributable to the Company's shareholders} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Average equity during the year attributable to the Company's shareholders}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Equity attributable to the Company's shareholders per share} = \frac{\text{Equity before non-controlling interests}}{\text{Number of shares in issue at the end of year}}$$

$$\text{Dividend payout ratio} = \frac{\text{Dividends paid and declared}}{\text{Profit attributable to the Company's shareholders}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

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

Registered Office

Swire Properties Limited
33rd Floor, One Pacific Place
88 Queensway
Hong Kong

Registrars

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Website: www.computershare.com

Stock Code

Hong Kong Stock Exchange 01972

Independent Auditors

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22nd Floor, Prince's Building
Central
Hong Kong

Investor Relations

E-mail: ir@swireproperties.com

Public Affairs

E-mail: pad@swireproperties.com
Tel: (852) 2844-3888
Fax: (852) 2918-9960

Website: www.swireproperties.com

Request for Feedback

In order that we may improve our reporting, we would be grateful to receive your comments on our public announcements and disclosures via e-mail to ir@swireproperties.com.

Disclaimer

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