



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

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



INTERIM REPORT
2022/23
中期報告

Stock Code 股份代號：16



1. ICC in West Kowloon, Hong Kong
香港西九龍環球貿易廣場
2. Shanghai IFC in Lujiazui, Shanghai
上海市陸家嘴上海國金中心
3. IFC in Central, Hong Kong
香港中環國際金融中心
4. ITC in Xujiahui, Shanghai
上海市徐家匯ITC
5. High Speed Rail West Kowloon Terminus Development,
Hong Kong
香港高鐵西九龍總站發展項目
6. Wetland Seasons Bay, Hong Kong
香港Wetland Seasons Bay

Contents

2	Board of Directors and Committees
3	Financial Highlights and Corporate Information
4	Chairman's Statement
18	Report on Review of Condensed Consolidated Financial Statements
19	Consolidated Income Statement
20	Consolidated Statement of Comprehensive Income
21	Consolidated Statement of Financial Position
22	Condensed Consolidated Statement of Cash Flows
23	Consolidated Statement of Changes in Equity
25	Notes to the Condensed Consolidated Financial Statements
42	Financial Review
48	Other Information



Smartphone and tablet users can download PDF version via QR Code Reader

Board of Directors and Committees

BOARD OF DIRECTORS

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

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

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

COMMITTEES

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

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

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

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

* *Committee Chairman*

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2022	2021	Change (%)
Financial Highlights (HK\$ million)			
Group revenue	27,428	40,153	-31.7
Profit attributable to the Company's shareholders			
— Reported	8,410	15,186	-44.6
— Underlying ⁽¹⁾	9,465	14,818	-36.1
Gross rental income ⁽²⁾	11,927	12,628	-5.6
Net rental income ⁽²⁾	8,887	9,728	-8.6
Financial Information per Share (HK\$)			
Basic earnings per share for profit attributable to the Company's shareholders			
— Reported	2.90	5.24	-44.6
— Underlying ⁽¹⁾	3.27	5.11	-36.1
Interim dividend	1.25	1.25	—

Notes:

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

(2) Including contributions from joint ventures and associates

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity
Auditors

Registered Office

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

Share Registrar

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

Solicitors

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

Principal Bankers

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

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

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

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

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2022, excluding the effect of fair-value changes on investment properties, amounted to HK\$9,465 million, compared to HK\$14,818 million for the corresponding period last year. Underlying earnings per share were HK\$3.27, compared to HK\$5.11 for the same period last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK\$8,410 million and HK\$2.90 respectively, compared to HK\$15,186 million and HK\$5.24 for the corresponding period last year. The reported profit for the period included a decrease in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$967 million, compared to an increase of HK\$872 million for the same period last year.

DIVIDEND

The directors have declared an interim dividend payment of HK\$1.25 per share for the six months ended 31 December 2022, the same as the corresponding period last year. The dividend will be payable on 16 March 2023.

BUSINESS REVIEW

Development Profit and Rental Income

Development Profit

During the period under review, profit generated from property sales reached HK\$3,366 million, as compared to HK\$7,658 million for the corresponding period last year. The substantial decrease was mainly due to the fact that all residential projects for sale in Hong Kong scheduled for completion in the current financial year will be completed in the second half. Contracted sales during the period totalled an approximate HK\$16,300 million in attributable terms.

Rental Income

The Group's gross rental income during the period, inclusive of contributions from joint ventures and associates, declined 6% year-on-year to HK\$11,927 million, and net rental income decreased 9% year-on-year to HK\$8,887 million. The decline was mainly due to the fact that the performance of the rental portfolio on the mainland was negatively affected by the pandemic.

Property Business – Hong Kong

Land Bank

The Group continued to replenish its development land bank through the addition of some 809,000 square feet of gross floor area during the period under review. In November 2022, the Group was awarded the right to develop and operate the Artist Square Towers Project in the West Kowloon Cultural District for a period of about 47 years under a Build-Operate-Transfer arrangement. This harbourfront project will comprise grade-A offices with an approximate gross floor area of 672,000 square feet and retail space of some 27,000 square feet. Strengthening the commercial element of the District, it will represent a major component of the cultural project, fostering the development of the District into a unique commercial, cultural, arts, retail, entertainment and transportation hub in Hong Kong and the Greater Bay Area. It is also set to create synergy with the Group's nearby landmarks, ICC and the High Speed Rail West Kowloon Terminus Development, further bolstering the status of the vicinity and the development of the city into an East-meets-West centre for international cultural exchange.

Chairman's Statement

Also in November 2022, the Group successfully acquired the sites near Anderson Road in Kwun Tong through government tender. Located in a new residential cluster in Kowloon East, the sites will be developed into community shopping centres with a gross floor area of about 110,000 square feet, offering diverse options for the daily needs of a rising population in the area. This addition will synergize with the Group's existing malls in Kowloon East, further enlarging their catchment areas and adding convenience and vibrancy to the new residential cluster.

As at 31 December 2022, the Group's attributable land bank in Hong Kong amounted to about 57.9 million square feet, comprising diversified completed properties of about 34.8 million square feet across the city, an overwhelming majority of which are for rental and long-term investment purposes. The rest were around 23.1 million square feet of properties under development. Of this, about 70% are for residential use which should be adequate to meet the Group's development needs over the next five to six years. The Group will continue to replenish its land bank through a variety of channels, including active conversions of agricultural lands into buildable sites, as opportunities arise. A few plots of agricultural land are in the final stage of land use conversion.

Property Development

During the period under review, the residential market in Hong Kong went through a period of consolidation amid weak domestic economic conditions and rising mortgage rates. Nevertheless, the market has recently shown signs of recovery with increasing transactions recorded in the secondary market. The full resumption of normal travel with the mainland and the recovery of local economy are set to add momentum to the residential market.

The Group continued to offer new projects for sale and achieved contracted sales of about HK\$13,400 million in attributable terms during the period. Major contributors included NOVO LAND Phases 1A and 1B in Tuen Mun and two projects in Yuen Long, namely Wetland Seasons Bay Phase 3 and PARK YOHO Bologna. The Group will also offer the second phase of NOVO LAND in Tuen Mun for sale very soon.

The Group is committed to providing premium products and thoughtful services to meet a wide range of customer needs. A holistic approach has been adopted to strengthen the Group's trusted brand. In addition to featuring customer-centric product designs, efficient layouts and attentive property management services, the Group has strived to fulfil customers' rising aspirations to live and work in green buildings with elements of health and wellness. From planning and design through to execution of details, the Group lives up to the expectations of its customers through wider adoption of green concepts and smart technologies, to ensure the Group's projects offer an optimal integration of sustainable features. The development concept of cross-generational living will be incorporated into the Group's residential projects wherever practicable, offering a proper mix of age-friendly designs, recreational facilities and caring services to suit the needs of both young and old. The SHKP Club, with a membership of over 487,000, has continued to serve as an effective platform to facilitate two-way communication between the Group and customers, allowing the Group to keep tabs on customer needs and market trends.

Plaza 228, a premium office project in Wan Chai with an attributable gross floor area of about 122,000 square feet, was completed during the period. The Group's completion in the second half of this financial year is expected to increase meaningfully to about 2.9 million square feet, of which about 2.0 million square feet are residential premises for sale. The remainder are non-residential properties, of which about 635,000 square feet will be kept for rental purpose.

Chairman's Statement

Property Investment

During the period under review, the Group's gross rental income in Hong Kong, including contributions from joint ventures and associates, amounted to HK\$8,772 million, representing a 2% year-on-year decline. The overall average occupancy rate of the Group's diversified rental portfolio for the period remained satisfactory.

With the further relaxation of social distancing measures and new rounds of the Consumption Voucher Scheme, the operating environment for Hong Kong's retail market improved during the period. The Group's retail portfolio achieved resilient performance with increased footfall and leasing activities. An overall occupancy of about 96% was recorded. Tenant sales at its shopping malls, in particular local-focused regional malls, outperformed the market. Visitor arrivals have been increasing recently following the full resumption of normal travel between Hong Kong and the mainland. Further recovery in footfall, due mainly to an increase in mainland visitors, has been registered at the Group's regional malls along rail lines with easy access to boundary crossings.

Comprising some 12 million square feet, the Group's retail portfolio distinguished itself from its peers with attentive and innovative initiatives to cater for customers' changing preferences. In view of the rising demand for special in-store experiences, the Group continued to refine the tenant-and-trade mix of its malls. Reinforcing its strength of being a 'retailtainment' hub, a brand new 60,000-square-foot indoor entertainment zone Play Park housing family-friendly shops was opened in New Town Plaza in Sha Tin during the period. The Group continued to upgrade indoor and outdoor space of its major malls with green and trendy elements. Regional malls, such as Harbour North in North Point, Metroplaza in Kwai Fong and V Walk in West Kowloon, presented creative workshops and pop-up stores, which became tempting additions to their festive and event decorations to spur mall traffic. The rebranded WWWTTC mall in Causeway Bay, home to young luxury brands and new concept restaurants, is opening in phases starting from early 2023.

The Group regularly rolls out unique promotional campaigns to boost shopper traffic and tenant sales. The Point, the Group's versatile integrated loyalty programme covering 25 major malls, complements their marketing activities and enriches shoppers' experience through the provision of timely and useful information and the creation of greater customer convenience via a mobile app. The platform increases the Group's customer engagement, fostering a better understanding of market trends and customer needs. With over two million members, The Point has continued to expand its customer base. Its recruitment of members will be further extended to the Group's other business arms. The loyalty programme has also further strengthened its collaborations with business partners and tenants. During the period, it partnered with SmarTone to offer increasing shopping rewards to The Point members and SmarTone's customers. The Group has rapidly introduced a range of promotional campaigns, including a debut cross-boundary reward scheme, to capture business opportunities arising from the full resumption of normal travel between Hong Kong and the mainland.

Against the challenging office leasing market, the Group's diverse office portfolio of around 10 million square feet continued to deliver resilient performance during the period, recording an overall average occupancy of about 93%. Following the normalization of cross-border travel, there has been a mild increase in leasing enquiries and activities. On the back of increasing economic activities and business dealings, leasing demand is expected to pick up.

With the most sought-after address in core Central and world-class building specifications, IFC attracted renowned international financial institutions and mainland corporates. Its occupancy remained at a high level. ICC, strategically located atop Airport Express Kowloon Station, is planning for a new round of asset enhancement initiatives to maintain its exceptional building quality. This iconic landmark registered improved occupancy with the introduction of new quality tenants, such as financial institutions with wealth management business, during the period. The Millennium City office cluster in Kowloon East, providing diverse leasing options and large floor plates with convenient access to the APM mall and public transport networks, maintained satisfactory occupancies amid keen competitions in the area.

Chairman's Statement

The Group is expanding its property investment portfolio with a number of new developments in the pipeline. The office-cum-retail joint-venture development at 98 How Ming Street in Kowloon East is a showcase of the Group's commitment to sustainable development with a blend of green and smart concepts. Apart from attaining Platinum ratings for Leadership in Energy and Environmental Design (LEED), BEAM Plus and WELL, the premium project demonstrates the latest in building technologies and smart facility management systems. The Group owns an effective interest of 70.6% in the project. Leasing activities of The Millennity, the project's two grade-A office towers covering 650,000 square feet, are progressing well. Major tenants will include a government-related institution and multinational corporations. The office spaces have recently started to be handed over to tenants. A podium mall of 500,000 square feet within the development is scheduled to open in 2024, achieving strong synergy with the Group's Millennium City office cluster and the APM mall.

The Group's mega integrated project atop the High Speed Rail West Kowloon Terminus comprises grade-A offices of around 2.6 million square feet and a shopping mall of some 603,000 square feet. Riding on the enormous transport convenience offered by the West Kowloon Terminus, one of the few high speed rail stations located in a city centre with full facilities, the project is expected to provide unparalleled connectivity within Hong Kong and to major mainland cities via railways. While the development of the adjoining West Kowloon Cultural District is reaching maturity, the office clusters in the area will enjoy additional advantages, bolstering their position as a unique commercial hub in the economic development of the Greater Bay Area, as well as a wealth management centre in the Area. With a strategic location, comprehensive transportation network and superb building specifications, the development was able to make available approximately 250,000 square feet of office space to UBS, a global financial institution, as the first anchor tenant. The company's commitment is a clear vote of its confidence in the Group and Hong Kong's role as a major international financial centre. Destined to be another demonstration of the Group's commitment to sustainability, the landmark development is designed to attain the highest ratings for six major green and WELL building certifications, including the LEED Platinum pre-certification, a recognition already obtained. The project is slated for completion by late 2025 and superstructure works have been progressing well. The Group will own nearly 1.2 million square feet of office space and the entire retail portion for long-term investment.

With years of development experience in West Kowloon, the Group has proactively helped reshape the area into a commercial, retail, entertainment, cultural exchange and transportation hub in Hong Kong and the Greater Bay Area. The Group has been granted the development and operational rights of the Artist Square Towers Project at the West Kowloon Cultural District for about 47 years under a Build-Operate-Transfer model. Expected to strengthen the commercial element of the District, the harbourfront project will comprise three commercial buildings, offering about 672,000 square feet of grade-A offices and some 27,000 square feet of retail spaces. It will also synergize with the Group's nearby ICC and the High Speed Rail West Kowloon Terminus Development, forming a unique commercial cluster consisting of 5.7 million square feet of premium grade-A office space as well as two luxury hotels to capture the enormous business opportunities from the Greater Bay Area development. With its unrivalled competitive edge, the cluster will be well positioned to serve the Greater Bay Area which houses a population of over 86 million with a gross domestic product of over US\$1.9 trillion in 2021.

YOHO Mall, the Group's flagship mall in Yuen Long, will reaffirm its status as the largest shopping destination in northwest New Territories upon the opening of its extension in the first half of 2024. Bringing the scale of the mega mall to about 1.1 million square feet, the 107,000-square-foot extension will offer a vast variety of popular brands and restaurants. The Group is also developing a shopping centre near MTR Kwu Tung Station and an office-cum-retail project adjacent to MTR Tin Shui Wai Station. Upon completion of these three projects, the Group's strong foothold in the Northern Metropolis will be further strengthened.

Chairman's Statement

Property Business – Mainland

Land Bank

As at 31 December 2022, the Group's total land bank on the mainland reached 68.3 million square feet in attributable terms. About 20.0 million square feet were completed properties, an overwhelming majority of which were projects in prime locations of key cities held for rental and long-term investment purposes. The remaining 48.3 million square feet were properties under development, with over 40% being developed into quality residential units for sale. The Group will adhere to its selective and focused investment strategy and deliver quality buildings to buyers and tenants in first-tier and top second-tier cities.

Property Development

In late 2022, sentiments of residential markets in major cities showed signs of recovery given a series of government measures to ensure home delivery, stimulate housing demand and improve developers' access to funding. These measures, coupled with the eased restrictions on COVID controls and the pro-growth economic initiatives, also helped support market confidence.

The Group achieved attributable contracted sales of about RMB2,600 million on the mainland during the period under review, mainly contributed by several joint-venture projects, including the first phase of the residential portion of Hangzhou IFC in Hangzhou, Phase 3A of Jovo Town in Chengdu and new batches of Oriental Bund in Foshan.

During the period, the Group completed an attributable gross floor area of about 4.7 million square feet on the mainland, of which about 55% were properties for rental and long-term investment purposes. These included Tower A of Three ITC, a grade-A office building standing at a height of 220 metres in Shanghai, the Nanjing IFC Mall in Nanjing and One ICC office tower in Chengdu. Details of these projects are shown in the following table.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Grand Waterfront Phase 3	Shilong, Dongguan	Residential/Shops	100	1,174,000
Tower A, Three ITC	Xuhui, Shanghai	Office	100	1,127,000
Nanjing IFC Mall	Hexi CBD, Nanjing	Shopping mall	100	1,095,000
Oriental Bund Phase 4C	Chancheng, Foshan	Residential/Shops	50	899,000
One ICC	Jinjiang, Chengdu	Office	40	396,000
Total				4,691,000

In the second half of this financial year, the Group is expected to complete a total gross floor area of about 1.2 million square feet in attributable terms on the mainland, including the Andaz Nanjing hotel with a gross floor area of 350,000 square feet overlooking the magnificent view of Yangtze River.

Chairman's Statement

Property Investment

The Group's gross rental income derived from the mainland, including contributions from joint-ventures and associates, decreased by 10% year-on-year to RMB2,507 million during the period. The performance of its rental portfolio, in particular that of its retail premises, was negatively affected by surging COVID infections and containment in late 2022. This was despite the Group's timely measures to ensure a safe and hygienic environment for its tenants and customers. The recent refinement of anti-pandemic policies, including the removal of travel restrictions, and the government's pro-growth initiatives are expected to restore market confidence and pave the way for a solid recovery in consumption and a return to normal activities.

Following the Central Government's calls to prioritize the expansion of consumption, market sentiments and local spending have been picking up recently. The Group's retail portfolio on the mainland has also recorded further improvement in footfall and tenant sales of late. The Group's malls on the mainland have distinctive market positioning and constantly refine their tenant mix, allowing them to capitalize on rising domestic consumption. In Shanghai, Shanghai IFC Mall remains the most recognizable premium shopping destination with an exclusive range of elite brands, while IAPM mall is a hotspot for young people who are on the lookout for trend-setting apparels and lifestyle products. Both malls recorded high occupancies during the period. IGC and Parc Central, the Group's two joint-venture malls in Guangzhou, sustained high occupancies. Beijing APM maintained its strong appeal to young shoppers in Beijing with more options of beauty and sports products.

Nanjing IFC Mall on the podium of the Nanjing IFC complex in Hexi district provides a gross floor area of over one million square feet. Sitting atop a metro station with excellent transport connectivity, this shopping mall not only presents well-known international brands, but also a well-curated range of eateries ranging from cafés to Dianping Black Pearl restaurants. The upper zone featuring restaurants and cafés has gradually been handed over to tenants. Some of the restaurants were recently opened to serve the needs of office workers and visitors. The remaining portion is scheduled to open in phases from 2023 onwards.

Complemented by a retail portion within an integrated development, the Group's office premises have won wide acclaim for their high specifications and easy access to metro stations. Shanghai IFC in Pudong and Shanghai ICC in Puxi have maintained their competitive edge with premium building quality and attentive customer service. The Group's office spaces at both developments sustained high occupancies during the period amid a challenging leasing environment. Shanghai IFC continued to attract and retain quality tenants from the financial industry. Shanghai ICC remained a preferred choice for renowned multinationals and large local corporations. The two grade-A office towers of Nanjing IFC offer splendid river views and excellent transport connectivity. The occupancy of Nanjing One IFC remained stable and leasing enquiries for Nanjing Two IFC have increased recently. The Group has constantly upgraded its office portfolio to increase its appeal. In Beijing, the upgrade work at Sun Dong An Office Tower, scheduled for completion in the first half of 2023, is set to bring new vibes to tenants.

The Group's several integrated projects in major cities, which will exhibit an integration of green elements, are coming on stream. Three ITC, the final phase of the mega ITC in Shanghai, will consist of two office towers which are targeted to obtain LEED and WELL platinum certifications. Featuring world-class building specifications, Tower A of Three ITC was completed, with tenants moving in since August 2022, winning high praise from occupants. Construction of the remaining parts of Three ITC, including the 370-metre-tall Tower B, the flagship mall ITC Maison, and the Andaz Shanghai ITC hotel, is under way. Built with innovative concepts, ITC is set to add sparkle to the area with its quality offices and trendy, highly anticipated stores, which will bring an exceptional experience to tenants, visitors and shoppers.

Chairman's Statement

Covering a total above-ground area of about nine million square feet, the Group's joint-venture integrated project Hangzhou IFC will provide commercial spaces and residences spanning various sites along the riverside of Qianjiang New City CBD to form a well-connected and sustainable community. This mega project will present a perfect blend of green and smart technology, echoing the green and smart concepts behind the upcoming Asian Games which has enlivened the city. In addition to pursuing sustainable building certifications of LEED and WELL, Hangzhou IFC will adopt intelligent operations to meet the growing demand for premium properties that reach international standards. The project will also come with lush green space and outdoor terraces for added relaxation on the waterfront. Strategically located next to two metro stations, the project's connectivity has been further enhanced by the opening in September 2022 of a new airport express rail line running through the area. About 50% of its floor area can be put on the market for sale. The first phase of its residential portion has been sold out.

Representing the Group's key presence in the Greater Bay Area in the future, the Guangzhou South Station ICC development will comprise a total gross floor area of about 9.3 million square feet, over 50% of which can be used for sale. Scheduled for completion in phases from 2025 onwards, this commercial-cum-residential TOD project will provide premium spaces to tap into opportunities brought by the increasing business activities. The core commercial complex of this integrated station-city development will seamlessly connect to the adjoining Guangzhou South Railway Station which will be served by a total of 12 lines when two inter-city lines under development and a planned rail line are completed. With its strategic location and fast connection to Hong Kong via the high speed rail, the mega project is expected to become a new business, living and transportation hub in the Greater Bay Area. Such advantage is set to strengthen the synergy between this quality project and the Group's developments in Hong Kong, particularly its portfolio in West Kowloon.

Other Businesses

Hotels

During the period under review, the performance of the Group's hotel portfolio in Hong Kong continued to improve following the gradual easing of quarantine requirements for inbound travellers. Among the Group's hotels, Four Seasons Hotel Hong Kong fared particularly well, benefitting from a stable recovery of international travel and a steady return of corporate clients. The food and beverage business of the hotel portfolio, particularly banqueting, also showed improvement with increasingly relaxed local social distancing measures. Occupancies and daily room rates of the Group's hotels rose meaningfully recently due to the further removal of cross-border travel requirements and an increase in visitor arrivals. Looking ahead, the Group's hotels will benefit from the return of tourists.

To capture the pent-up demand for outbound travel, in particular those from mainland visitors, the hotel management team has actively adjusted its marketing and business strategies to tap into the rapid rebound in demand. The Go Royal by SHKP loyalty programme, covering the Group's five Royal brand hotels and their 20 restaurants, leveraged The Point to take in new members and offered more spending rewards to customers since its launch in April 2022.

Benefitting from the normalization of economic activities and the gradual recovery of tourism on the mainland, the occupancy of The Ritz-Carlton Shanghai, Pudong showed notable improvement recently, although its performance was inevitably affected by the pandemic during the period under review. The Group will continue to develop premium hotels within its integrated developments in major cities on the mainland. Andaz Nanjing at Nanjing IFC is scheduled to open in the first half of 2023 while Four Seasons Hotel Suzhou is planned to open in the second half of 2023.

Chairman's Statement

Telecommunications and Information Technology

SmarTone

The profitability of SmarTone remained steady during the period under review. Against the backdrop of a competitive market, the company faces an increase in spectrum fees and various other costs such as electricity. The company has a stable customer base and its 5G subscription penetration rate has increased to 35% as at February 2023. Roaming revenue only experienced a mild recovery during the period, but there have been encouraging signs since December 2022 brought by more relaxations in travel restrictions. The company's 5G Home Broadband business continued to grow well. Cost discipline remained a key focus for the company as it identified opportunities for cost reduction and redeployed the savings towards growing new revenue streams and enhancing customer service.

SmarTone has been voted by multiple journals and research agencies as having the 'best network' in Hong Kong. Having 5G coverage in most places, the company will continue to invest into the network in rural areas, including rural villages and hiking trails, and new infrastructure such as the new Tseung Kwan O – Lam Tin Tunnel and Cross Bay Link. The company has already equipped nearly all the Group's shopping malls and offices with strong 5G connectivity, and is expanding to other critical indoor spaces. The Group remains confident of SmarTone's prospects and will continue to hold its stake in the company as a long-term investment. The Group will also leverage SmarTone as its telecommunication technology arm for the adoption of technology to improve customer experience.

SUNeVision

During the period under review, SUNeVision continued to exhibit healthy growth. This is driven by increased demands from both new and existing customers. The acceleration of digitalization across businesses and consumers continued to drive strong demand for data centre services. Seeing Hong Kong as a critical data hub, multinationals and mainland companies increased their demand for data centre facilities in anticipation of future growth.

SUNeVision welcomes the ultimate conclusion and the winning of the judicial review case against the Hong Kong Science and Technology Parks Corporation (HKSTP). This relates to the subletting or the grant of licences to third parties among data centre operators which is contrary to policies within the industrial estates under HKSTP's management. The ruling should help correct unfair practices of the past and take away 'rent-seekers' within those estates. This is positive for the long-term development of Hong Kong's innovation sector, and is in line with what is outlined in the 14th Five-Year Plan.

Looking ahead, SUNeVision is expected to enter a new chapter of growth with the completion of its two self-owned greenfield projects in 2023. The construction for MEGA Gateway in Tsuen Wan has been completed, adding 201,000 square feet and 20MW to the company's data centre portfolio. Operations will commence shortly with more than 60% of space committed by customers. MEGA IDC, the flagship greenfield project in Tseung Kwan O, is built on a site dedicated to data centre development with superior infrastructure and power capacity. Phase I of MEGA IDC is slated for completion in the second half of 2023. The completion of the two projects will substantially increase SUNeVision's capacity to serve large cloud service providers and data-intensive customers. The total gross floor area of the company's data centres in Hong Kong will grow from the current 1.5 million square feet to almost three million square feet, and its power capacity will increase from 80MW to over 280MW. The company will continue to source opportunities actively for future growth and invest in best-in-class infrastructure and services, including the adoption of Environmental, Social and Governance (ESG) measures to serve its customers.

Chairman's Statement

Infrastructure and Other Businesses

During the period under review, the Group's infrastructure and transport businesses recorded mixed performance. Wilson Group registered strong performance in light of the relaxing of social distancing restrictions, but traffic at Route 3 (CPS) remained constrained by cross-border travel restrictions. The Hong Kong Business Aviation Centre has seen a good traffic recovery after quarantine measures were removed in the last quarter of 2022. An upswing is expected following the lifting of travel restrictions, especially among charter flights. The Airport Freight Forwarding Centre continued to play a major role in supporting logistics players to deliver time-sensitive cargoes. The facility's flexibility and service are appreciated by many of the logistics companies which are mostly SMEs. The River Trade Terminal saw increased throughput and business from new customers and achieved steady performance during the period. The Terminal also played a major role in serving the import of key necessities into Hong Kong when cross-boundary truck movements were restricted.

YATA continued to deliver stable performance during the period. The company has continued to expand its offerings and source new products from Japan to meet customer needs. YATA has also upgraded its eShop and a mobile app tailored for its loyalty programme. In the year ahead, YATA will carry out shop-enhancement initiatives to bring a refreshing experience to customers.

Corporate Finance

The Group strictly follows its prudent financial management so as to preserve sustainable business development in an uncertain economic backdrop. With a healthy net gearing ratio, balanced debt maturity profile and abundant liquidity, the Group is able to secure a strong financial position.

The Group continues to be one of the best-rated developers in Hong Kong. Moody's and S&P have affirmed the Group's A1 and A+ ratings respectively with stable outlooks.

In September 2022, the Group issued its debut RMB2,000 million commercial mortgage-backed securities (CMBS) on the mainland, which received strong responses from investors with very satisfactory pricing attained. The Group will continue to leverage capital markets to diversify its funding sources with various financial instruments. Meanwhile, the Group's mainland operation continued to receive strong support from banks in the provision of Renminbi financing for construction and development. In late 2022, mainland financial regulators rolled out a number of policies and measures to promote the healthy development of the real estate industry. Financially sound property developers could benefit from these policies and measures with better access to banking and capital markets.

The Group has not executed any derivative or structured product transactions for speculative purposes. The Group has limited exposure to foreign exchange risk on debt financing, with the overwhelming majority of its borrowings denominated in Hong Kong dollars. The remainder is mostly in Renminbi with a natural hedge against the Group's assets on the mainland, while its US dollars have been fully covered by related cross currency swaps recently.

Chairman's Statement

Corporate Governance

The Group is committed to maintaining high standards of corporate governance which is crucial for the Group's sustainable development and maximizing its stakeholder value.

The Group has a set of well-established mechanisms in place to ensure sound and effective corporate governance practices. The Board of Directors oversees the Group's overall strategies, inclusive of sustainability and climate-related policies and initiatives. During the period under review, three new Executive Directors, including one female member, were appointed to the Board in order to meet the Group's development needs, enhance Board diversity in terms of expertise, experience and gender, and bring Board refreshment. The Board delegates specific roles and responsibilities to four Board Committees and a crisis management taskforce. The Executive Committee, comprising all Executive Directors and three senior executives, formulates business policies and makes decisions on key business issues. There is a strong independent element on the Board with eight Independent Non-Executive Directors (INED), representing 40% of the Board. In addition, the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee are all chaired by INEDs, with a majority of their members being INEDs.

The Group's solid fundamentals and efforts on upholding rigorous corporate governance continued to gain positive recognition from renowned financial publications, reflected in the winning of numerous major awards during the period, such as the Best Overall Developer in Hong Kong by *Euromoney*, Overall Most Outstanding Company in Hong Kong by *Asiamoney* and ESG Leading Enterprise Award by *Bloomberg Businessweek/Chinese Edition*.

Sustainable Development

True to its belief in Building Homes with Heart, the Group utilizes its resources and expertise to facilitate the development of the community into a better place for living, working, recreation and nurturing the young generations. Continued effort is made to enhance the general well-being of people, spread positive energy and strengthen social cohesion for developing a healthy, vibrant and resilient society.

Environment

While aiming to obtain LEED Gold or Platinum ratings for its major commercial projects under development, the Group has leveraged innovative technologies to improve the sustainability of its existing properties, irrespective of their age, and meet the latest green building standards. In addition to its signature developments ICC, One IFC, Two IFC and IFC Mall, the Group's headquarters Sun Hung Kai Centre has recently achieved LEED Platinum certification under the v4.1 Operations and Maintenance: Existing Buildings rating system. Completed over 40 years ago, Sun Hung Kai Centre is the longest-standing commercial premises in Hong Kong to attain LEED Platinum rating, another record for the certification programme after ICC obtained the highest score among buildings in Hong Kong.

To promote green construction and echo the country's call for more partnerships between the industry, academic and research sectors, the Group launched its collaboration with a local university to carry out research on innovative green construction. The outcomes will be applied to the Group's projects and are expected to benefit the construction industry and foster Hong Kong's development into a smart and carbon-neutral city. This partnership was forged alongside the launch of the Building Homes with Heart Scholarship Programme, which will provide over 50 scholarships for students to pursue studies in construction, real estate or engineering-related disciplines.

Chairman's Statement

The Point, the loyalty programme for the Group's malls, was extended to incorporate the Group's green mobile app, Nature Rescue, in encouraging members to earn bonus points through engaging in coastal and countryside clean-up missions. Moreover, the Group participated in GREEN COLLECT, a service by the HKSAR Government to help housing estates collect a greater variety of recyclables. The Group also encouraged its staff to adapt to green lifestyles through giving out eco-friendly cutlery sets.

To support Hong Kong's goal of carbon neutrality by 2050, the Group has continued to build one of the city's largest solar energy generation networks, with around 11,000 solar panels covering nearly 250,000 square feet by the end of 2022. The electric vehicle (EV) chargers installed at its managed premises wherever practicable have formed one of the largest EV charging facility networks in Hong Kong. The Group has also encouraged its associate, Transport International Holdings Limited, to use electric buses more extensively. The company plans to put 500 electric buses into service in three to five years, and the entire fleet is planned to be upgraded to new energy buses by 2040. Moreover, the Group has increased its use of renewable energy at its properties and construction sites to reduce carbon emissions.

Social

The Group is dedicated to helping young people thrive. During the period, the Group supported the HKSAR Government's Strive and Rise Programme with a monetary donation and by recruiting 250 employees to serve as volunteer mentors of underprivileged junior secondary students. The mentors would arrange job shadowing, share life experiences and guide mentees on good financial practices to achieve their development plans, allowing them to develop a positive outlook on life and strive for upward mobility.

Noah's Ark Hong Kong, part of Ma Wan Park operated by the Group for not-for-profit purposes, organizes life education and charitable activities to promote love and harmony. During the period, Noah's Ark partnered with a uniformed group to provide secondary school students with internship opportunities, either at Noah's Ark or the Group's construction arm, as part of career exploration and planning.

In addition to its ongoing promotion of reading, the SHKP Reading Club collaborated with the Hong Kong STEM Education Alliance to organize a contest for primary and secondary school students to unlock their creativity in the application of science and technology in daily life. Appointed by the Chinese Academy of Sciences, the Group served as professional corporate consultant to the Innovative Technology Forum, a platform to promote popular science education in Hong Kong. Its subsidiary SmarTone provided tailor-made 5G-enabled learning solutions to primary and secondary schools, which not only enhanced teaching efficiency but also fostered students' interest in and learning of STEM.

The Group is committed to supporting the Government's ongoing efforts in providing more affordable housing for the public, especially the underprivileged and the young generations. Through its business arms and subsidiaries, the Group continues to improve the livelihood of occupants of the Group-initiated transitional housing project, United Court in Yuen Long, after they move in. Apart from helping to resolve housing shortages, the Group has started developing multi-generational living in its residential projects in Tung Shing Lei, Yuen Long, and Shap Sz Heung. Both developments will feature elderly-friendly designs and services to support ageing in place.

Chairman's Statement

The Sun Hung Kai Properties Hong Kong Cyclothon made a return in December 2022 and attracted about 4,000 participants amid an orderly relaxation of anti-pandemic measures, reinforcing the Group's promotion of sports for charity. As the event's title and charity sponsor – the largest outdoor sports event of the year, the Group contributed to making Hong Kong a centre for international sports events. The Sun Hung Kai Properties Hong Kong 10K Championships also made a comeback in January 2023, attracting impressive entries in the first road race held after the relaxation of social distancing measures.

The Group attaches great importance to the holistic well-being of its workforce. In addition to providing courses on job-related knowledge and skills, the Group regularly arranges interest classes, health talks and seminars on parenting and family harmony. The Group places strong emphasis on workplace safety, which was recognized with a gold award from the Construction Industry Safety Award Scheme 2021/2022 for its Light Rail Tin Wing Stop Development. On the mainland, in addition to providing free anti-pandemic items to employees, the Group implemented stringent hygienic protocols to ensure a safe and clean work environment for their peace of mind.

PROSPECTS

While most parts of the world witnessed different stages of reopening in 2022, the global economy moving into 2023 is still clouded by a number of uncertainties, including the prevailing geopolitical risks and the relatively high inflation and interest rates. Nevertheless, selected central banks have showed signs of slowing interest rate hikes. Such development, coupled with the reopening of boundary crossings on the mainland, should help ease downside pressure on the global economy over the near term and give rise to a relatively stable economic environment.

The mainland economy is likely to see meaningful recovery in the year ahead, with a faster growth pace expected in the latter part of 2023, following the normalcy of economic activities. On the back of the pro-growth economic policy expedited by the Central Government, a variety of economic support measures should help strengthen market confidence and enhance the business environment, although the weak external demand has posed challenges to the economy in the near term. A series of stimuli to boost domestic demand and travel should give impetus to a revival of consumption. Measures to support end-user demand should help restore homebuyers' confidence in the real estate sector.

Hong Kong's economy has embarked on a path of steady recovery. Economic activities will gradually resume at a broader magnitude following the lifting of social distancing measures. The recent resumption of quarantine-free travel with the mainland will further drive a revival of the local economy, particularly the tourism and retail industries. In addition, the HKSAR Government's latest talent scheme, the blueprint for innovation and technology development and the Hello Hong Kong campaign as well as various measures introduced in the latest Budget will add impetus to a full economic recovery. This, together with lower unemployment rate, will help improve market confidence, which will be conducive to the property market. With unwavering support from the motherland, Hong Kong can leverage its distinctive advantages and seize the opportunities in realizing Hong Kong's 'eight centres' positioning as set out in the 14th Five-Year Plan over the medium term.

With a strong confidence in the prospects of the mainland and Hong Kong, the Group will continue to strengthen its property development business with selective land acquisitions when appropriate opportunities arise while observing its strict financial discipline. Adhering to its prudent and time-honoured financial policy as always, the Group will maintain fast asset turnovers and continue to put up new projects for sale when ready.

Chairman's Statement

In Hong Kong, the second phase of NOVO LAND in Tuen Mun is planned to launch for sale very soon. Over the next 10 months, major residential projects to be offered for sale will include University Hill near The Chinese University of Hong Kong, the first phase of Tin Wing Stop Development in Yuen Long, the second phase of The YOHO Hub in Yuen Long, the first phases of two premium projects in Kai Tak as well as a joint-venture project on Prince Edward Road West in Ho Man Tin, totalling about 2.6 million square feet of attributable gross floor area. On the mainland, the Group is planning to launch the residential portion of Guangzhou South Station ICC in Guangzhou, a new phase of Shanghai Arch in Shanghai, and new batches of joint-venture developments such as the residential portion of Hangzhou IFC in Hangzhou, The Woodland in Zhongshan and Oriental Bund in Foshan. These projects on the mainland will comprise around 2.0 million square feet in attributable terms.

Following the full border reopening and normalization of economic activities, the operating environment for the Group's property investment business, both in Hong Kong and on the mainland, has recently shown signs of further improvement. Footfall at the Group's malls has further improved amid a revival of tourism. The Group will strengthen the competitive advantages of its property portfolio through enhancing its ESG performance to cater for the needs of tenants and customers. In view of keen competition, the Group will constantly carry out asset enhancement works to maintain the quality of its developments as always.

Meanwhile, the Group's recurrent income will be underpinned by various new additions. In Hong Kong, grade-A office buildings at The Millennity in Kwun Tong have been completed with some tenants moving in recently. TOWNPLACE WEST KOWLOON, a brand new harbourfront project featuring the concept of young premium living model, is scheduled for completion in the second half of 2023. The shopping mall underneath The Millennity and the extension of YOHO Mall in Yuen Long are scheduled to open in 2024. On the mainland, the Andaz Nanjing hotel will be opened in the first half of 2023. The 370-metre-tall Three ITC office tower and the flagship mall ITC Maison in Shanghai are slated for completion in late 2024.

The Group's footprint will be further expanded through the development of new landmark integrated projects in Hong Kong as well as first-tier and top second-tier cities on the mainland. These mega developments will also serve as new drivers for the Group's recurrent income over the medium-to-long term. Major projects under development include the High Speed Rail West Kowloon Terminus Development in Hong Kong, the remaining phase of ITC in Shanghai, Hangzhou IFC and Guangzhou South Station ICC. These landmark projects will benefit from the further opening up of the mainland economy and Hong Kong's active integration into national development, including actively dovetailing with national strategies such as the 14th Five-Year Plan, the Greater Bay Area development and the Belt and Road Initiative.

The Group will continue to increase its investment to strengthen its use of smart technology and digital initiatives across different aspects of its businesses, from construction to customer-facing businesses, to enhance quality and efficiency. It will also place more emphasis on leveraging both digital, such as The Point loyalty programme, and traditional channels to increase customer engagement, allowing the Group to respond swiftly to customers' needs and preferences. The Group believes embracing changes and adapting to the ever-changing market and customer needs will increase its capability to weather a storm. Meanwhile, the Group will strive to launch initiatives that could benefit the wider community as part of its strong commitment to ESG, including leveraging its resources to help meet the city's housing demand and promote green and technological advancement in the construction industry.

Chairman's Statement

Following a three-year fight against the pandemic, Hong Kong is on the path to normalcy with the long-awaited border reopening. With its distinctive advantages under 'One Country, Two Systems', Hong Kong enjoys strong support of the motherland and is closely connected to the world. While Hong Kong is starting a new chapter towards governance and prosperity, the Group has a firm belief that benefitting from these advantages as well as its sound common law system, low tax regime and world-standard business practices, the city will be able to boost its core competitiveness and reinforce its status as an international financial, transportation and trade centre.

Looking ahead, the Group is fully confident in its future and will maintain its focus on developing premium properties in Hong Kong and on the mainland to cater for the aspirations of residents, tenants and shoppers to live a better life. Supported by its seasoned management team, strong financial position, well-trusted brand, and time-tested business strategy, the Group will continue to grasp development opportunities with good potential, and contribute to Hong Kong's further efforts to shine on the international stage and the country's long-term prosperity as always.

APPRECIATION

I would like to take this opportunity to express my appreciation to all our staff for their sustained efforts to uphold the Group's commitment to quality amid many challenges created by COVID. Their diligence, perseverance and professionalism are something to be proud of and will certainly help the Group prepare for future development as the hardest times are over. I would also like to thank my fellow directors for their guidance, and our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond

Chairman & Managing Director

Hong Kong, 23 February 2023

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SUN HUNG KAI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 41, which comprise the consolidated statement of financial position as at 31 December 2022 and the related consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and consolidated statement of changes in equity for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong

23 February 2023

Consolidated Income Statement

For the six months ended 31 December 2022
(Expressed in millions of Hong Kong dollars)

		(Unaudited)	
		Six months ended	
		31 December	
	Notes	2022	2021
Revenue	2	27,428	40,153
Cost of sales		(13,384)	(20,253)
Gross profit		14,044	19,900
Other net income		150	607
Selling and marketing expenses		(1,855)	(2,118)
Administrative expenses		(1,480)	(1,482)
Operating profit		10,859	16,907
Change in fair value of investment properties		(348)	1,038
Finance costs		(1,482)	(1,103)
Finance income		267	186
Net finance costs	4	(1,215)	(917)
Share of results of:			
Associates		261	125
Joint ventures		901	1,829
		1,162	1,954
Profit before taxation	5	10,458	18,982
Taxation	6	(1,668)	(3,468)
Profit for the period		8,790	15,514
Profit for the period attributable to:			
Company's shareholders		8,410	15,186
Non-controlling interests		380	328
		8,790	15,514
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)			
Basic and diluted	7(a)	\$2.90	\$5.24
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)			
Basic and diluted	7(b)	\$3.27	\$5.11

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2022
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
Profit for the period	8,790	15,514
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of Mainland subsidiaries	(3,397)	1,808
Cash flow hedge		
– fair value (losses)/gains recognized directly through other comprehensive income	(299)	218
– fair value gains transferred to consolidated income statement	(31)	(33)
	(330)	185
Debt securities		
– fair value losses recognized directly through other comprehensive income	(4)	(25)
– fair value losses/(gains) transferred to consolidated income statement	4	(6)
	–	(31)
Share of other comprehensive (losses)/income of associates and joint ventures	(686)	483
Items that will not be reclassified to profit or loss:		
Fair value losses of equity securities at fair value through other comprehensive income	(155)	(80)
Share of other comprehensive (losses)/income of an associate	(42)	155
Other comprehensive (losses)/income for the period	(4,610)	2,520
Total comprehensive income for the period	4,180	18,034
Total comprehensive income for the period attributable to:		
Company's shareholders	3,847	17,672
Non-controlling interests	333	362
	4,180	18,034

Consolidated Statement of Financial Position

As at 31 December 2022
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2022	(Audited) 30 June 2022
Non-current assets			
Investment properties	9	399,068	398,729
Property, plant and equipment	10	45,916	44,955
Associates		7,326	7,171
Joint ventures		93,170	94,221
Financial investments	11	2,216	3,030
Intangible assets		5,447	5,815
Other non-current assets	12	3,687	3,996
		556,830	557,917
Current assets			
Properties for sale		210,621	207,136
Inventories		607	478
Trade and other receivables	13	15,166	21,015
Financial investments	11	724	698
Bank deposits and cash		17,802	20,323
		244,920	249,650
Current liabilities			
Bank and other borrowings		(21,493)	(15,857)
Trade and other payables	14	(29,165)	(30,204)
Deposits received on sales of properties		(4,031)	(3,039)
Current tax payable		(8,320)	(13,276)
		(63,009)	(62,376)
Net current assets		181,911	187,274
Total assets less current liabilities		738,741	745,191
Non-current liabilities			
Bank and other borrowings		(110,376)	(109,074)
Deferred tax liabilities		(24,816)	(25,533)
Other non-current liabilities		(3,679)	(3,840)
		(138,871)	(138,447)
NET ASSETS		599,870	606,744
CAPITAL AND RESERVES			
Share capital	15	70,703	70,703
Reserves		524,367	531,243
Shareholders' equity		595,070	601,946
Non-controlling interests		4,800	4,798
TOTAL EQUITY		599,870	606,744

Directors:

Kwok Ping-luen, Raymond
Lui Ting, Victor

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2022
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
Operating activities		
Operating cash inflow	12,965	18,912
Changes in working capital	1,126	(9,184)
Cash generated from operations	14,091	9,728
Interest expenses and other finance costs paid	(1,827)	(1,517)
Bank interest received	249	187
Interest received from investments	47	58
Dividends received from equity securities	53	56
Dividends received from associates and joint ventures	1,732	1,143
Tax paid		
– Hong Kong	(4,751)	(4,877)
– Outside Hong Kong	(1,698)	(762)
Net cash from operating activities	7,896	4,016
Net cash used in investing activities		
– additions to investment properties	(4,144)	(3,697)
– net cash inflow in respect of disposal of subsidiaries	–	1,829
– others	(1,888)	(456)
	(6,032)	(2,324)
Net cash used in financing activities		
– net drawdown of bank and other borrowings	7,639	5,638
– (Increase)/decrease in bank deposits maturing after more than three months	(75)	56
– principal elements of lease payments	(467)	(468)
– payment for repurchase of shares by a subsidiary	(1)	(9)
– dividends paid to Company's shareholders	(10,722)	(10,722)
– dividends paid to non-controlling interests	(337)	(338)
– others	(29)	43
	(3,992)	(5,800)
Decrease in cash and cash equivalents	(2,128)	(4,108)
Cash and cash equivalents at beginning of period	18,287	21,646
Effect of foreign exchange rates changes	(469)	292
Cash and cash equivalents at end of period	15,690	17,830
Analysis of the balance of cash and cash equivalents at end of period		
Bank deposits and cash	17,802	17,909
Less: Bank deposits maturing after more than three months	(2,066)	(74)
Pledged bank deposits	(46)	(5)
	15,690	17,830

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022
(Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders							Non-controlling interests	Total
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total			
At 1 July 2021	70,703	493	1,373	3,530	517,721	593,820	5,806	599,626	
Profit for the period	-	-	-	-	15,186	15,186	328	15,514	
Exchange difference on translation of Mainland subsidiaries	-	-	-	1,773	-	1,773	35	1,808	
Fair value gains on cash flow hedge	-	185	-	-	-	185	-	185	
Fair value losses on debt securities at fair value through other comprehensive income	-	-	(31)	-	-	(31)	-	(31)	
Fair value losses on equity securities at fair value through other comprehensive income	-	-	(79)	-	-	(79)	(1)	(80)	
Share of other comprehensive income of associates and joint ventures	-	-	6	527	105	638	-	638	
Other comprehensive income/ (losses) for the period	-	185	(104)	2,300	105	2,486	34	2,520	
Total comprehensive income/ (losses) for the period	-	185	(104)	2,300	15,291	17,672	362	18,034	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	14	14	
Lapse of share award/options of a subsidiary	-	-	-	-	1	1	(1)	-	
Dividend paid (2021 final dividend HK\$3.70 per share)	-	-	-	-	(10,722)	(10,722)	-	(10,722)	
Adjustments relating to changes in interests in subsidiaries	-	2	-	-	-	2	(1)	1	
Disposal of subsidiaries	-	-	-	-	-	-	(1,068)	(1,068)	
Dividends to non-controlling interests	-	-	-	-	-	-	(338)	(338)	
At 31 December 2021	70,703	680	1,269	5,830	522,291	600,773	4,774	605,547	

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022
(Expressed in millions of Hong Kong dollars)

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

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The financial information relating to the year ended 30 June 2022 included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 30 June 2022 to the Registrar of Companies and the Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the consolidated financial statements for the year ended 30 June 2022. The Group has adopted a number of amendments to Hong Kong Financial Reporting Standards that are effective for the first time for this interim period. None of these amendments had a material impact on the Group's financial statements.

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

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

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

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

For the six months ended 31 December 2022

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

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (cont'd)

For the six months ended 31 December 2021

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	16,964	7,012	33	24	16,997	7,036
Mainland	341	178	1,124	444	1,465	622
	17,305	7,190	1,157	468	18,462	7,658
Property rental						
Hong Kong	7,540	5,612	1,388	1,103	8,928	6,715
Mainland	2,902	2,417	472	349	3,374	2,766
Singapore	–	–	326	247	326	247
	10,442	8,029	2,186	1,699	12,628	9,728
Hotel operations	1,564	(138)	247	(24)	1,811	(162)
Telecommunications	3,792	391	–	–	3,792	391
Transport infrastructure and logistics	2,002	602	1,897	176	3,899	778
Data centre operations	995	505	–	–	995	505
Other businesses	4,053	594	293	51	4,346	645
Segment total	40,153	17,173	5,780	2,370	45,933	19,543
Other net income		607		50		657
Unallocated administrative expenses		(873)		–		(873)
Operating profit		16,907		2,420		19,327
Change in fair value of investment properties						
Hong Kong		(825)		(455)		(1,280)
Mainland		1,863		348		2,211
Singapore		–		448		448
		1,038		341		1,379
Net finance costs		(917)		(131)		(1,048)
Profit before taxation		17,028		2,630		19,658
Taxation						
– Group		(3,468)		–		(3,468)
– Associates		–		(22)		(22)
– Joint ventures		–		(654)		(654)
Profit for the period		13,560		1,954		15,514

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (cont'd)

Results from property sales include selling and marketing expenses of HK\$440 million (2021: HK\$166 million) and HK\$61 million (2021: HK\$63 million) that relate to pre-sale of property projects under construction in Hong Kong and Mainland, respectively.

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

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

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

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

For the six months ended 31 December 2022

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

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

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

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

For the six months ended 31 December 2021

	Revenue from contracts with customers			Revenue from other sources	Total
	recognized at a point in time	recognized over time	Subtotal		
(i) By segments					
Property sales	17,305	–	17,305	–	17,305
Property rental	–	1,024	1,024	9,418	10,442
Hotel operations	881	683	1,564	–	1,564
Telecommunications	1,549	2,243	3,792	–	3,792
Transport infrastructure and logistics	38	1,781	1,819	183	2,002
Data centre operations	–	995	995	–	995
Property management	131	2,356	2,487	–	2,487
Department store operations	1,211	–	1,211	–	1,211
Financial services and others	–	12	12	343	355
	21,115	9,094	30,209	9,944	40,153
(ii) Geographical markets					
Hong Kong	20,440	8,949	29,389	7,046	36,435
Mainland	443	117	560	2,898	3,458
Others	232	28	260	–	260
	21,115	9,094	30,209	9,944	40,153

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

(b) Revenue recognized in relation to contract liabilities

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

During the six months ended 31 December 2022, the Group recognized revenue of HK\$1,398 million (2021: HK\$6,864 million) from sales of properties that were included in contract liabilities at the beginning of the period.

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

As of 31 December 2022, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK\$31,062 million (30 June 2022: HK\$21,898 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 63% is expected to be recognized as revenue in the second half of the current financial year and 26% in the next financial year.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

4. NET FINANCE COSTS

	Six months ended 31 December	
	2022	2021
Interest and other finance costs on bank and other borrowings	2,037	1,453
Notional non-cash interest accretion	35	23
Finance costs on lease liabilities	16	14
Less: Amount capitalized	(606)	(387)
	1,482	1,103
Interest income on bank deposits	(267)	(186)
	1,215	917

5. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2022	2021
Profit before taxation is arrived at after charging:		
Cost of properties sold	1,894	8,940
Cost of other inventories sold	2,065	2,143
Depreciation of property, plant and equipment	1,443	1,452
Amortization of		
Intangible assets (included in cost of sales)	368	328
Contract acquisition costs	204	735
Impairment loss on goodwill	–	1
Credit loss allowance on financial assets and contract assets	20	148
Lease expenses		
Short-term and low-value assets leases	120	224
Variable lease payments	23	77
Staff costs (including directors' emoluments and retirement schemes contributions)	4,875	4,565
Share-based payments	9	14
Loss on disposal of financial investments at fair value through profit or loss	38	36
Fair value losses on financial investments at fair value through profit or loss	95	34
and crediting:		
Dividend income from investments	53	56
Interest income from investments	38	41

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

6. TAXATION

	Six months ended	
	31 December	
	2022	2021
Current tax expenses		
Hong Kong profits tax	936	2,052
Over provision in prior years	(4)	(13)
	932	2,039
Tax outside Hong Kong	723	717
Over provision in prior years	(28)	(1)
	695	716
Total current tax	1,627	2,755
Deferred tax expenses		
Change in fair value of investment properties	(217)	407
Other origination and reversal of temporary differences	258	306
Total deferred tax	41	713
Total income tax expenses	1,668	3,468

Hong Kong profits tax is provided at the rate of 16.5% (2021: 16.5%) based on the estimated assessable profits for the period. Tax outside Hong Kong, which includes Mainland land appreciation tax and withholding tax on income distributions, is calculated at the rates applicable in the relevant jurisdictions.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

7. EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit for the period attributable to the Company's shareholders of HK\$8,410 million (2021: HK\$15,186 million).

The basic earnings per share is based on the weighted average number of shares in issue during the interim period of 2,897,780,274 (2021: 2,897,780,274) shares.

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

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit for the period attributable to the Company's shareholders of HK\$9,465 million (2021: HK\$14,818 million), which excluded the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2022	2021
Profit attributable to the Company's shareholders as shown in the consolidated income statement	8,410	15,186
Decrease/(increase) in fair value of investment properties		
Subsidiaries	348	(1,038)
Associates	(88)	26
Joint ventures	946	(367)
	1,206	(1,379)
Effect of corresponding deferred tax expenses		
Subsidiaries	(217)	407
Joint ventures	(32)	102
Non-controlling interests	10	(2)
Unrealized fair value losses/(gains) of investment properties net of deferred tax	967	(872)
Fair value gains of investment properties net of deferred tax realized on disposal	88	504
Net effect of change in fair value of investment properties	1,055	(368)
Underlying profit attributable to the Company's shareholders	9,465	14,818

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

8. DIVIDENDS

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

	Six months ended 31 December	
	2022	2021
Interim dividend declared after the interim period of HK\$1.25 (2021: HK\$1.25) per share	3,622	3,622

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

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

	Six months ended 31 December	
	2022	2021
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$3.70 (2021: HK\$3.70) per share	10,722	10,722

9. INVESTMENT PROPERTIES

- (a) Movement during the period

	Completed	Under development	Total
Valuation			
At 1 July 2022	329,556	69,173	398,729
Additions	709	4,197	4,906
Transfer upon completion	9,143	(9,143)	–
Disposals	(74)	–	(74)
Exchange difference	(2,369)	(1,776)	(4,145)
(Decrease)/increase in fair value	(1,247)	899	(348)
At 31 December 2022	335,718	63,350	399,068

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

9. INVESTMENT PROPERTIES (cont'd)

- (b) The Group's investment properties were valued at their fair values at 31 December 2022 and 30 June 2022 by Knight Frank Petty Limited, an independent firm of professional qualified valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

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

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

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

	Fair value		Weighted average capitalization rate	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
Completed				
Hong Kong	257,481	257,947	5.1%	5.1%
Mainland	78,237	71,609	6.5%	6.6%
	335,718	329,556		
	Fair value (residual method)		Capitalization rate	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
Under development				
Hong Kong	29,587	27,308	3.0%-5.5%	3.0%-5.5%
Mainland	33,763	41,865	5.0%-8.8%	5.0%-8.8%
	63,350	69,173		

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, additions to property, plant and equipment amounted to HK\$2,779 million, of which HK\$428 million are additions to right-of-use assets. Net book value of property, plant and equipment disposed of during the period amounted to HK\$20 million.

11. FINANCIAL INVESTMENTS

	31 December 2022			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	13	24	682	719
Equity securities	492	1,005	–	1,497
	505	1,029	682	2,216
Current assets				
Debt securities	–	3	128	131
Equity securities	593	–	–	593
	593	3	128	724
	30 June 2022			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	13	32	765	810
Equity securities	551	1,669	–	2,220
	564	1,701	765	3,030
Current assets				
Debt securities	–	–	53	53
Equity securities	645	–	–	645
	645	–	53	698

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

12. OTHER NON-CURRENT ASSETS

	31 December	30 June
	2022	2022
Mortgage loan receivables	2,727	4,245
Other loan receivables	999	989
Total loans receivables	3,726	5,234
Less: Amount due within one year included under trade and other receivables	(225)	(1,726)
	3,501	3,508
Derivative financial instruments	186	488
	3,687	3,996

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with various tenors up to 25 years at the end of the reporting period and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK\$1,419 million (30 June 2022: HK\$2,879 million). The Group recognizes expected credit loss for all loans receivables based on its assessment of changes in credit risk on a collective basis, with reference to both historical loss experience and forward-looking information. Changes in the loss allowance are recognized in profit or loss.

13. TRADE AND OTHER RECEIVABLES

		31 December	30 June
	Notes	2022	2022
Trade receivables	(a)	3,981	8,744
Other account receivables, deposits and prepayments	(b)	9,610	9,255
Deposits for acquisition of properties		777	843
Contract assets		547	411
Short-term loans		225	1,726
Derivative financial instruments		26	36
		15,166	21,015

(a) At 31 December 2022, 63% of trade receivables are aged less than 30 days, 18% between 31 to 60 days, 7% between 61 to 90 days and 12% more than 90 days (30 June 2022: 83%, 8%, 4% and 5% respectively).

(b) The balance includes contract acquisition costs of HK\$482 million (30 June 2022: HK\$330 million) primarily related to incremental commission costs incurred to obtain property sales and telecommunication services contracts with customers. There was no impairment loss in relation to the cost capitalized.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

14. TRADE AND OTHER PAYABLES

	31 December 2022	30 June 2022
Trade payables	3,306	3,237
Other payables and accrued expenses	22,951	24,215
Contract liabilities	817	658
Amounts due to non-controlling interests	1,253	1,279
Lease liabilities	834	815
Derivative financial instruments	4	–
	29,165	30,204

At 31 December 2022, 62% of trade payables are aged less than 30 days, 10% between 31 to 60 days, 3% between 61 to 90 days, and 25% more than 90 days (30 June 2022: 65%, 7%, 5% and 23% respectively).

15. SHARE CAPITAL

	Number of shares in million	Amount
Issued and fully paid:		
Ordinary shares		
At 30 June 2022 and 31 December 2022	2,898	70,703

16. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 15 November 2012 ("the Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Scheme was valid and effective for a period of ten years until 14 November 2022 and no new share option scheme has been adopted since then.

The Scheme

During the current and prior reporting period, no share options were granted under the Scheme.

There were no outstanding share options granted under the Scheme for both periods.

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

17. RELATED PARTY TRANSACTIONS

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

	Associates		Joint ventures	
	Six months ended 31 December		Six months ended 31 December	
	2022	2021	2022	2021
Interest income	–	–	46	52
Rental income	–	–	–	1
Cash rental paid	–	–	27	23
Other revenue from services rendered	272	365	574	23
Purchase of goods and services	–	–	334	453

18. CONTINGENT LIABILITIES AND COMMITMENTS

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

	31 December 2022	30 June 2022
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	7,068	7,135
Authorized but not contracted for	4,576	5,006
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	2,826	2,753
Authorized but not contracted for	4,338	4,585
(c) Guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$2,157 million (30 June 2022: HK\$2,394 million).		

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

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

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

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	13	–	–	13
Equity securities	593	–	492	1,085
Financial assets at FVOCI				
Debt securities	27	–	–	27
Equity securities	663	8	334	1,005
Derivative financial instruments				
Cross currency interest rate swaps	–	192	–	192
Forward foreign exchange contracts	–	20	–	20
	1,296	220	826	2,342
Financial liabilities				
Bond and notes subject to fair value hedges				
	–	588	–	588
Derivative financial instruments				
Cross currency interest rate swaps	–	28	–	28
	–	616	–	616

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

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

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

As at 30 June 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	13	–	–	13
Equity securities	645	–	551	1,196
Financial assets at FVOCI				
Debt securities	32	–	–	32
Equity securities	1,323	16	330	1,669
Derivative financial instruments				
Cross currency interest rate swaps	–	507	–	507
Forward foreign exchange contracts	–	17	–	17
	<u>2,013</u>	<u>540</u>	<u>881</u>	<u>3,434</u>
Financial liabilities				
Bond and notes subject to fair value hedges	–	596	–	596
Derivative financial instruments				
Interest rate swaps	–	4	–	4
	<u>–</u>	<u>600</u>	<u>–</u>	<u>600</u>

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

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

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

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

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

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

	Financial assets measured at		
	FVTPL	FVOCI	Total
Unlisted equity securities			
At 1 July 2022	551	330	881
Purchases	10	–	10
Sales	(1)	–	(1)
Change in fair value recognized in			
– profit or loss	(68)	–	(68)
– other comprehensive income	–	4	4
At 31 December 2022	492	334	826

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

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

	31 December 2022		30 June 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt securities	810	644	818	657
Long-term bank loans and bonds	110,084	106,423	108,478	106,070

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

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

Financial Review

REVIEW OF RESULTS FOR THE FIRST HALF OF FY2022/23

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2022 was HK\$9,465 million, decreased by 36% or HK\$5,353 million compared with HK\$14,818 million reported in the same period last year. The decrease was mainly due to less property development profit in Hong Kong and lower rental income, partly offset by improved contribution from non-property and hotel businesses. There was less property sales recognition in Hong Kong for the period as all the current financial year's residential developments for sale in Hong Kong are scheduled for handover in the second half of the financial year.

Including the net effect of revaluation loss on investment properties, the Company reported an attributable profit to shareholders of HK\$8,410 million, representing a decrease of HK\$6,776 million or 45% compared with HK\$15,186 million for the same period last year.

	Six months ended 31 December	
	2022 HK\$ Million	2021 HK\$ Million
Underlying profit attributable to Company's shareholders	9,465	14,818
Adjustment for net revaluation movements on investment properties		
Net revaluation (loss)/gain	(967)	872
Valuation gains realized on disposal	(88)	(504)
Net effect	(1,055)	368
Profit attributable to Company's shareholders	8,410	15,186

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

	Revenue		Operating profit/(loss)	
	2022 HK\$ Million	2021 HK\$ Million	2022 HK\$ Million	2021 HK\$ Million
Property sales				
Hong Kong	2,885	16,997	1,200	7,036
Mainland	4,031	1,465	2,166	622
	6,916	18,462	3,366	7,658
Property rental				
Hong Kong	8,772	8,928	6,393	6,715
Mainland	2,798	3,374	2,218	2,766
Singapore	357	326	276	247
	11,927	12,628	8,887	9,728
Hotel operations	1,860	1,811	(63)	(162)
Telecommunications	3,809	3,792	391	391
Transport infrastructure and logistics	3,886	3,899	799	778
Data centre operations	1,108	995	557	505
Other businesses	4,358	4,346	681	645
Segment total	33,864	45,933	14,618	19,543

Financial Review

Total revenue and operating profit of the Group's business segments (including share of joint ventures and associates) for the six months ended 31 December 2022 decreased by 26% to HK\$33,864 million and 25% to HK\$14,618 million, respectively compared with same period last year.

Revenue from property sales (including share of joint ventures) in Hong Kong for the six months ended 31 December 2022 decreased by 83% year-on-year to HK\$2,885 million, mainly due to fewer handover of residential units. Profit decreased by 83% to HK\$1,200 million, and was mainly derived from sales of residential units in St. Moritz, Prince Central, Grand YOHO Phase 2, Cullinan West III and St. Martin Phases 1 and 2. There was no revenue recognition in the first half of the financial year from the Group's current year's residential development projects for sale, which are all scheduled for handover in the second half of the financial year. Major residential developments completing in the second half include The YOHO Hub Phase 1, Kennedy 38, St. Michel Phase 2, Wetland Seasons Bay Phase 3 and NOVO LAND Phases 1A and 1B.

Revenue from property sales (including share of joint ventures) on the Mainland increased by 175% to HK\$4,031 million due to higher sales volume. Profit increased by HK\$1,544 million to HK\$2,166 million. The contributions were mainly attributable to sales of residential units in Oriental Bund Phase 4C, Grand Waterfront Phase 3 and Jovo Town Phase 3A.

As at 31 December 2022, contracted property sales attributable to the Group (including share of joint ventures) not yet recognized amounted to HK\$35.5 billion, comprising HK\$31 billion in Hong Kong, of which about HK\$19.4 billion is expected to be recognized in the second half of the current financial year and HK\$8.2 billion in the next financial year, and HK\$4.5 billion on the Mainland.

Rental revenue and net rental income of property investment in Hong Kong, including share of joint ventures and associates, decreased by 2% and 5% year-on-year to HK\$8,772 million and HK\$6,393 million, respectively. The drop in revenue was mainly attributable to the office portfolio, which decreased by 4% year-on-year as a result of negative rental reversions, while the retail portfolio performance was relatively stable with revenue down by 1% against the same period last year.

Rental revenue and net rental income of the Mainland portfolio, including share of joint ventures, decreased year-on-year by 17% and 20% in Hong Kong dollar terms to HK\$2,798 million and HK\$2,218 million, respectively. The decrease was partly affected by Renminbi depreciation against Hong Kong dollar during the period. In Renminbi terms, rental revenue was down by 10% to RMB2,507 million, mainly due to a decrease of 12% in revenue from the retail portfolio, which was negatively impacted by the COVID pandemic and containment measures in late 2022 as well as rent relief granted to support the tenants that were affected by the business closure during April and May, while the office portfolio, amid the weak sentiment during the pandemic, recorded a moderate revenue drop of 3%.

Hotel revenue (including share of joint ventures) increased by 3% to HK\$1,860 million and operating loss reduced by 61% to HK\$63 million (after depreciation charge of HK\$325 million). The Hotel business in Hong Kong continued to improve, benefitting from more regional and international business amid relaxation of quarantine measures. An average occupancy rate of 70% was achieved for the Group's hotels in Hong Kong during the period.

SmarTone reported a steady revenue of HK\$3,809 million and operating profit of HK\$391 million during the period. SmarTone's 5G business continued to grow well and various optimization measures were implemented to reduce costs and increase productivity, which helped sustain its business performance.

Transport infrastructure and logistics (including share of joint ventures and associates) revenue stayed flat at HK\$3,886 million and operating profit increased by 3% to HK\$799 million. The Hong Kong Business Aviation Centre and Wilson Group has seen strong business improvement following the relaxation of social distancing restrictions and quarantine measures.

Financial Review

SUNeVision's revenue increased by 11% to HK\$1,108 million and operating profit increased by 10% to HK\$557 million, driven by an increased demand for data centre services from both existing and new customers.

The Group's other businesses (including share of joint ventures and associates), mainly comprising property management, department store operations and financial services, performed satisfactory, delivering a revenue of HK\$4,358 million and a 6% increase in operating profit to HK\$681 million during the period.

Investment Property Revaluation Gain/Loss

The Group's investment properties (including investment properties held by joint ventures and associates) were appraised by independent valuers as at 31 December 2022.

A revaluation loss of HK\$1,206 million (2021: gain of HK\$1,379 million) was recorded, including a revaluation loss of HK\$1,176 million (2021: loss of HK\$1,280 million) on the Hong Kong portfolio and HK\$64 million loss (2021: gain of HK\$2,211 million) on the Mainland portfolio. The pandemic outbreak in late 2022 had no significant impact on the revaluation of the Group's Mainland portfolio, which was considered temporary. The loss mainly reflected the valuers' views of the market rents estimations in the current Hong Kong and Mainland property market with no material change in the capitalization rates used in the fair value measurement.

An attributable net revaluation loss (after related deferred tax and non-controlling interests) of HK\$967 million (2021: gain of HK\$872 million) was recognized in the consolidated income statement.

FINANCIAL MANAGEMENT

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

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

Gearing Ratio

Shareholders' equity was HK\$595.1 billion or HK\$205.4 per share as at 31 December 2022 compared with HK\$601.9 billion as at 30 June 2022. The decrease was mainly due to profit attributable to the shareholders of HK\$8.4 billion being more than offset by dividends payments of HK\$10.7 billion made during the period and foreign exchange loss of HK\$4.1 billion, resulting from translation of financial statements of the Mainland and overseas operations.

At the reporting date, the Group's net debt amounted to HK\$114,067 million (30 June 2022: HK\$104,608 million). Gearing ratio as at 31 December 2022, calculated on the basis of net debt to shareholders' equity of the Company, was 19.2% compared to 17.4% as at 30 June 2022. The increase was largely due to capital expenditures in both Mainland and Hong Kong.

Financial Review

Finance Costs and Interest Cover

For the six months ended 31 December 2022, net finance costs including capitalized interest increased by HK\$517 million to HK\$1,821 million, mainly due to higher average effective cost of borrowings which went up to 3.1% (2021: 2.3%). Net finance costs charged to the income statement (after interest capitalized) increased by HK\$298 million to HK\$1,215 million.

Interest cover for the period was 6 times (2021: 13 times), measured by the ratio of operating profit to total net interest expenses including those capitalized for the current period.

The average effective interest rate of the Group's borrowings for the six months ended 31 December 2022 is analyzed as follows:

	Six months ended 31 December	
	2022	2021
Fixed rate	2.8%	3.1%
Floating rate	3.2%	1.7%
Weighted average interest rate	3.1%	2.3%

Debt Maturity Profile and Composition

As at 31 December 2022, the Group's gross borrowings totalled HK\$131,869 million, of which 76% were raised through its wholly-owned finance subsidiaries and the remaining 24% through its operating subsidiaries.

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

	At 31 December 2022		At 30 June 2022	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Repayable:				
Within one year	21,493	16%	15,857	13%
After one year but within two years	25,886	20%	26,505	21%
After two years but within five years	52,899	40%	49,426	40%
After five years	31,591	24%	33,143	26%
Total bank and other borrowings	131,869	100%	124,931	100%
Bank deposits and cash	17,802		20,323	
Net debt	114,067		104,608	

The Group's debt maturity profile remains well staggered with a weighted average duration of approximately 3.9 years as at 31 December 2022.

Financial Review

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

(i) By currency (after currency swap)

	At 31 December 2022		At 30 June 2022	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Hong Kong dollar	106,555	81%	98,875	79%
Renminbi	20,055	15%	20,721	17%
US dollar	3,737	3%	3,770	3%
British pound	1,522	1%	1,565	1%
Total borrowings	131,869	100%	124,931	100%

When feasible, the Group will borrow on the same currency as the underlying assets or hedge through cross currency swaps for exchange risk exposure. At 31 December 2022, about 15% of the Group's total borrowings were denominated in Renminbi for financing on-going Mainland property projects.

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

	At 31 December 2022		At 30 June 2022	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Fixed	44,694	34%	44,458	36%
Floating				
– Hong Kong dollar	69,541	53%	61,112	49%
– Renminbi	16,112	12%	17,796	14%
– British pound	1,522	1%	1,565	1%
Total borrowings	131,869	100%	124,931	100%

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

Financial Resources

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

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

Financial Review

Foreign Exchange Rate Risk Management

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

The Group is exposed to currency translation risk arising from translating the financial statements of subsidiaries and joint ventures operating in the Mainland. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in Mainland. Land acquisition costs for the Mainland projects are principally financed by capital injection funded by the Group's equity and internally generated funds. On-going business operations in the Mainland are financed through internal resources and borrowings in Renminbi as natural hedges to minimize the Group's exposure to exchange rate risk. As at 31 December 2022, approximately 20% of the Group's net assets were denominated in Renminbi. Compared with 30 June 2022, Renminbi depreciated against Hong Kong dollar by 3.7%. The translation of these Renminbi assets into Hong Kong dollar at the exchange rate as of 31 December 2022 resulted in a translation loss of approximately HK\$4.2 billion (2021: gain of HK\$2.3 billion), recognized in the exchange reserve.

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

Derivative Instruments

As at 31 December 2022, the Group has entered into certain interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts in the aggregate notional amount of HK\$18,557 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for hedging the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

Bank Deposits and Cash

As at 31 December 2022, the Group's bank deposits and cash amounted to HK\$17,802 million, of which 25% were denominated in Hong Kong dollar, 62% in Renminbi, and the remaining 13% mostly in US dollar. The Renminbi deposits were mostly held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

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

CHARGES OF ASSETS

As at 31 December 2022, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$46 million were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$3,049 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK\$2,157 million (30 June 2022: HK\$2,394 million).

Other Information

DIRECTORS

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

Kwok Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 69)

Mr. Kwok has been Chairman of the Company since December 2011. Prior to the appointment as Chairman of the Company, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also the Managing Director and a member of the Executive Committee of the Company as well as a director of certain subsidiaries of the Company. He has been with the Group for 44 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from Hong Kong Metropolitan University and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. Mr. Kwok is the chairman and an executive director of SUNeVision Holdings Ltd. He is also the chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a member of the 13th National Committee of the Chinese People's Political Consultative Conference. He is also a director of The Real Estate Developers Association of Hong Kong and a member of the council of The Chinese University of Hong Kong.

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

For the year ended 30 June 2022, Mr. Kwok is entitled to receive a fee of HK\$320,000 for being the Chairman of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$3.53 million, including fees of HK\$60,000 and HK\$180,000 for being the chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited respectively.

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS (BS), JP
Deputy Managing Director (Age: 67)

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

For the year ended 30 June 2022, Mr. Wong is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$28.75 million.

Other Information

Lui Ting, Victor

BBA

Deputy Managing Director (Age: 68)

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

For the year ended 30 June 2022, Mr. Lui is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$29.08 million.

Yip Dicky Peter

MBA, BBS, MBE, JP

Independent Non-Executive Director (Age: 76)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of both the Audit and Risk Management Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) in Hong Kong in 1965 with working experiences in London, China and San Francisco. From January 2003 to April 2005, Mr. Yip was appointed chief executive China business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank on the mainland. Mr. Yip became a general manager of HSBC in April 2005 until his retirement from HSBC in June 2012. He was an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd., South China Holdings Company Limited and DBS Bank in Hong Kong and on the mainland, and the founding chairman of Ping An OneConnect Bank (Hong Kong) Limited. Mr. Yip was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015. He retired as an independent director of S.F. Holding Co., Ltd. with effect from 20 December 2022.

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

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

For the year ended 30 June 2022, Mr. Yip is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$280,000 for being a member of the Audit and Risk Management Committee of the Company and HK\$60,000 for being a member of the Nomination Committee of the Company.

Other Information

Professor Wong Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 70)

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

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

For the year ended 30 June 2022, Professor Wong is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK\$70,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Dr. Li Ka-cheung, Eric

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

Independent Non-Executive Director (Age: 69)

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

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

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

For the year ended 30 June 2022, Dr. Li is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$320,000 for being the Chairman of the Audit and Risk Management Committee of the Company and HK\$60,000 for being a member of the Remuneration Committee of the Company. He is also entitled to receive other emoluments in the total sum of HK\$288,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Other Information

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 74)

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

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

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

For the year ended 30 June 2022, Dr. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Dr. Leung Nai-pang, Norman

LLD, GBS, JP

Independent Non-Executive Director (Age: 82)

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

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

For the year ended 30 June 2022, Dr. Leung is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK\$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Other Information

Leung Ko May-yee, Margaret

SBS, JP

Independent Non-Executive Director (Age: 70)

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

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

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

For the year ended 30 June 2022, Mrs. Leung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Other Information

Fan Hung-ling, Henry

SBS, JP

Independent Non-Executive Director (Age: 74)

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

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

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

For the year ended 30 June 2022, Mr. Fan is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Wu Xiang-dong

MBA, M.E., B.E.

Independent Non-Executive Director (Age: 55)

Mr. Wu has been an Independent Non-Executive Director of the Company since September 2019. He holds a double Bachelor's degree in Construction Management and Engineering Mechanics, as well as a Master's degree in Municipal Engineering from Tsinghua University and an MBA degree from the University of San Francisco.

Mr. Wu has over 26 years of experience in corporate management and commercial property operation. He was an executive director of China Resources Land Limited ("CRL") for the period from June 2009 to February 2019 and also worked as the executive vice president, the managing director and the chairman of the board of directors of CRL for certain time during such period. He then acted as a co-chairman, the chief executive officer and the president of China Fortune Land Development Co., Ltd. until April 2022. Mr. Wu was also an independent director of Yango Group Co., Ltd.

For the year ended 30 June 2022, Mr. Wu is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Other Information

Kwan Cheuk-yin, William

LLB

Non-Executive Director (Age: 88)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of both the Nomination Committee and the Remuneration Committee of the Company. Mr. Kwan was the managing partner of Woo Kwan Lee & Lo, Solicitors and had over 60 years of experience in legal practice. He retired as such on 31 March 2021 and thereafter he was appointed a consultant of the firm. He is a former director and advisor and currently a voting member of the Tung Wah Group of Hospitals. He is a vice president of Scout Association of Hong Kong, a vice chairman of the Hong Kong Scout Foundation Management Committee, a member of Hong Kong Scout Foundation Investment Team, a vice chairman of the Scout Performing Arts Committee, a chairman of Air Activities Committee, an adviser of Air Activities Development Fund Committee, a chairman of Scout Association of Hong Kong Leadership Training Institute Foundation Management Committee, a member of Programme Committee of Scout Association of Hong Kong and a vice chairman of World Scout Foundation Baden-Powell Fellowship Hong Kong Chapter. Mr. Kwan is a past member of the Stamp Advisory Committee and was a committee member of the Hong Kong Philatelic Society up to 31 March 2021 and thereafter was appointed honorary life president of the Hong Kong Philatelic Society. He is an honorary member of the Federation of Inter-Asia Philately (FIAP), president of FIAP Grand Prix Club, formerly vice president of FIAP and winner of two Grand Prix International at FIP Exhibitions. He is also a president of the Hong Kong Branch of the King's College London Association, a permanent advisor of Wah Yan (Hong Kong) Past Students Association and a chairman of Wah Yan Dramatic Society. Mr. Kwan is a committee member and legal advisor of South China Athletic Association and former vice manager of its Football Section as well as manager of its Ten Pin Bowling Section and an honorary legal advisor of the Hong Kong Society for Reproductive Society.

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

For the year ended 30 June 2022, Mr. Kwan is entitled to receive fees of HK\$300,000 for being a Director of the Company, and HK\$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Kwok Kai-chun, Geoffrey

BA

Non-Executive Director (Age: 37)

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

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

For the year ended 30 June 2022, Mr. Kwok is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Other Information

Kwok Kai-fai, Adam

MBA, BSc, SBS

Executive Director (Age: 39)

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

Mr. Kwok is a member of the 14th National Committee of the Chinese People's Political Consultative Conference and a standing committee member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference. He is also a vice-president of The Real Estate Developers Association of Hong Kong, a member of the Major Sports Events Committee, a member of the International Advisory Council of the Faculty of Business and Economics of The University of Hong Kong, an advisor of Our Hong Kong Foundation and a president of Hong Kong United Youth Association. In addition, Mr. Kwok is a founder and executive chairman of Hong Kong Guangdong Youth Association, a standing committee member of All-China Youth Federation, a member of the chairman's committee of Friends of Hong Kong Association Development Foundation and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation. He was awarded the Silver Bauhinia Star in 2022 by the Government of the Hong Kong Special Administrative Region in recognition of his unfailing support for the Government's policies relating to housing and land supply, help for the underprivileged and youth development.

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

For the year ended 30 June 2022, Mr. Kwok is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$9.39 million.

Other Information

Kwok Kai-wang, Christopher

MBA, BSc

Executive Director (Age: 36)

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

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

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

For the year ended 30 June 2022, Mr. Kwok is entitled to receive a fee of HK\$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$8.70 million, including a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd.

Tung Chi-ho, Eric

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

Executive Director (Age: 63)

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

For the year ended 30 June 2022, Mr. Tung is entitled to receive a fee of HK\$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$22.80 million, including a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd.

Other Information

Fung Yuk-lun, Allen

BA, Ph.D.

Executive Director (Age: 54)

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

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

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

For the year ended 30 June 2022, Mr. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK\$22.46 million, including fees of HK\$52,500 and HK\$162,000 for being a vice chairman and a director of SUNeVision Holdings Ltd. as well as a deputy chairman and a director of SmarTone Telecommunications Holdings Limited respectively.

Lau Tak-yeung, Albert

MRICS, MHKIS

Executive Director (Age: 58)

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

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

Mr. Lau is entitled to receive a fee of HK\$300,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) for being a Director of the Company and other projected emoluments of approximately HK\$18.20 million per annum.

Other Information

Fung Sau-yim, Maureen

BSc(Hons) Est. Mgt., MHousMan (Distinction), MBA, FHKIS, FRICS, RPS (GP), CIREA, FISCM
Executive Director (Age: 60)

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

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

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

Ms. Fung is entitled to receive a fee of HK\$300,000 per annum (or a pro rata amount for the duration of her directorship for an incomplete year) for being a Director of the Company and other projected emoluments of approximately HK\$20 million per annum.

Chan Hong-ki, Robert

BSc(BS), MHKIS, MRICS, RPS(BS), AP(Surveyor)
Executive Director (Age: 58)

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

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

Mr. Chan is entitled to receive a fee of HK\$300,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) for being a Director of the Company and other projected emoluments of approximately HK\$15 million per annum, including a fee of HK\$45,000 per annum for being a director of SUNeVision Holdings Ltd.

Other Information

Kwok Ho-lai, Edward

EMBA, BA

Alternate Director to Kwok Ping-luen, Raymond (Age: 42)

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

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

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

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

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

SENIOR MANAGEMENT

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

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	Number of shares held				Sub-total	Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 31.12.2022
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-luen, Raymond	188,743	1,580,000 ¹	–	550,237,686 ^{2,8,7}	552,006,429	–	552,006,429	19.05
Wong Chik-wing, Mike	497,695	–	–	–	497,695	–	497,695	0.02
Lui Ting, Victor	160,000	–	–	–	160,000	–	160,000	0.01
Wong Yue-chim, Richard	5,000	1,000 ¹	–	–	6,000	–	6,000	0.00
Li Ka-cheung, Eric	–	4,028 ¹	–	–	4,028	–	4,028	0.00
Fung Kwok-lun, William	220,000	9,739 ¹	–	–	229,739	–	229,739	0.01
Leung Nai-pang, Norman	20,000	10,833 ¹	–	–	30,833	–	30,833	0.00
Leung Ko May-yee, Margaret	15,372	–	–	–	15,372	–	15,372	0.00
Kwok Kai-chun, Geoffrey	–	–	–	671,789,872 ^{4,5,7,8,8}	671,789,872	–	671,789,872	23.18
Kwok Kai-fai, Adam	–	–	32,000 ³	678,763,747 ^{6,7,8,8}	678,795,747	–	678,795,747	23.42
Kwok Kai-wang, Christopher	110,000 ⁹	60,000 ¹	–	677,191,101 ^{2,7,8,8}	677,361,101	–	677,361,101	23.38
Chan Hong-ki, Robert	100,000	–	–	–	100,000	–	100,000	0.00
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	32,000	–	–	677,191,101 ^{2,7,8,8}	677,223,101	–	677,223,101	23.37

Notes:

1. These shares in the Company were held by the spouse of the Director concerned.
2. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 550,237,686 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.

Other Information

3. These shares in the Company were held by a corporation wholly-owned and controlled by Mr. Kwok Kai-fai, Adam.
4. Mr. Kwok Kai-chun, Geoffrey was deemed to be interested in 211,173,896 shares in the Company by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO.
5. Mr. Kwok Kai-chun, Geoffrey was also deemed to be interested in 333,662,561 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
6. Mr. Kwok Kai-fai, Adam was deemed to be interested in 551,810,332 shares in the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
7. Of the said 550,237,686 shares, 333,662,561 shares and 551,810,332 shares in the Company as stated in Notes 2, 5 and 6 above respectively, Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 102,479,723 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
8. Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 126,953,415 shares in the Company by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
9. These shares in the Company were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.

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

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

Name of Directors	Number of shares held			Sub-total	Number of underlying shares held under equity derivatives ¹	Total	% of issued voting shares as at 31.12.2022
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	-	-	3,485,000 ^{2&3}	3,485,000	-	3,485,000	0.15
Wong Chik-wing, Mike	218,000	-	-	218,000	-	218,000	0.01
Lui Ting, Victor	356	-	-	356	-	356	0.00
Leung Nai-pang, Norman	341,000	142 ⁴	-	341,142	-	341,142	0.01
Leung Ko May-yee, Margaret	1,000	2,000 ⁴	-	3,000	-	3,000	0.00
Kwok Kai-chun, Geoffrey	-	-	11,927,658 ^{2&5}	11,927,658	-	11,927,658	0.51
Kwok Kai-fai, Adam	-	-	11,927,658 ^{2&5}	11,927,658	-	11,927,658	0.51
Kwok Kai-wang, Christopher	-	-	13,272,658 ^{2,3&5}	13,272,658	-	13,272,658	0.57
Fung Yuk-lun, Allen	4,000,000	-	-	4,000,000	8,000,000	12,000,000	0.51
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	-	-	13,272,658 ^{2,3&5}	13,272,658	-	13,272,658	0.57

Other Information

Notes:

1. These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SUNeVision under its share option scheme. Details of the share options are set out in the section headed "Share Option and Share Award Schemes" below.
2. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 2,140,000 shares in SUNeVision by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
3. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were also deemed to be interested in 1,345,000 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
4. These shares in SUNeVision were held by the spouse of the Director concerned.
5. Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 9,787,658 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.

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

Name of Directors	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 31.12.2022
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	–	5,162,337 ¹	5,162,337	–	5,162,337	0.47
Kwok Kai-chun, Geoffrey	–	6,849,161 ²	6,849,161	–	6,849,161	0.62
Kwok Kai-fai, Adam	–	6,849,161 ²	6,849,161	–	6,849,161	0.62
Kwok Kai-wang, Christopher	–	12,011,498 ^{1&2}	12,011,498	–	12,011,498	1.09
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	–	12,011,498 ^{1&2}	12,011,498	–	12,011,498	1.09

Notes:

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

Other Information

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

Name of Directors	Number of shares held		Number of underlying shares held under equity derivatives ¹	Total	% of issued voting shares as at 31.12.2022
	Personal interests (held as beneficial owner)	Sub-total			
Kwok Ping-luen, Raymond	547,329 ²	547,329	400,000	947,329	0.20
Lui Ting, Victor	300,000	300,000	–	300,000	0.06
Li Ka-cheung, Eric	17,600	17,600	400,000	417,600	0.09
Leung Nai-pang, Norman	278,956	278,956	450,000	728,956	0.15
Fung Yuk-lun, Allen	–	–	400,000	400,000	0.08

Notes:

1. These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by Transport International under its share option scheme. Details of these share options and their movements during the six months ended 31 December 2022 were as follows:

Name of Directors	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2022	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2022
Kwok Ping-luen, Raymond	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
Li Ka-cheung, Eric	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
Leung Nai-pang, Norman	19.11.2020	15.32	19.11.2021 to 18.11.2025	450,000	–	–	–	450,000
Fung Yuk-lun, Allen	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000

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

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

Other Information

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

Name of associated corporations	Actual shares held through corporation	Actual % of interests in issued voting shares as at 31.12.2022
Splendid Kai Limited <i>(commenced members' voluntary liquidation on 15 June 2022)</i>	2,500 ¹	25.00
Hung Carom Company Limited	25 ¹	25.00
Tinyau Company Limited	1 ¹	50.00
Open Step Limited	8 ¹	80.00
Vivid Synergy Limited	963,536,900 ¹	20.00

Note:

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

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company follows the Model Code in Appendix 10 to the Listing Rules as the code of conduct for the Directors of the Company in their dealings in the securities of the Company. In response to specific enquiry made by the Company, all the Directors have confirmed that they have complied with the Model Code during the six months ended 31 December 2022.

SHARE OPTION AND SHARE AWARD SCHEMES

1. Share option scheme of the Company

At the annual general meeting of the Company held on 15 November 2012, the shareholders of the Company (the "Shareholders") passed an ordinary resolution to approve the adoption of a share option scheme (the "Share Option Scheme"). The Share Option Scheme was valid and effective for a period of ten years until 14 November 2022 and no new share option scheme has been adopted since then.

During the six months ended 31 December 2022, no share options were granted under the Share Option Scheme and there were no outstanding share options granted under the Share Option Scheme. Accordingly, there were no shares of the Company that might be issued in respect of share options granted under the Share Option Scheme during the said period.

As at 1 July 2022, 252,464,604 share options were available for grant under the scheme mandate of the Share Option Scheme. No further share options can be granted under the Share Option Scheme after its expiry.

Other Information

2. Share option schemes of the subsidiaries

(a) SUNeVision

On 1 November 2012, SUNeVision adopted a share option scheme which became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 15 November 2012 in compliance with the then Listing Rules requirements (the “Old SUNeVision Share Option Scheme”). Owing to the expiry of the Old SUNeVision Share Option Scheme on 15 November 2022, the shareholders of SUNeVision passed an ordinary resolution to approve the adoption of a new share option scheme (the “New SUNeVision Share Option Scheme”) and the termination of the Old SUNeVision Share Option Scheme on 28 October 2022, both of which became effective on 1 November 2022 following the granting of listing approval by the Stock Exchange on 1 November 2022. No share options can be granted under the Old SUNeVision Share Option Scheme.

During the six months ended 31 December 2022, no share options were granted under the Old SUNeVision Share Option Scheme or the New SUNeVision Share Option Scheme. Accordingly, there were no shares of SUNeVision that might be issued in respect of share options granted under all share schemes of SUNeVision during the said period.

Particulars of the outstanding share options granted under the Old SUNeVision Share Option Scheme and their movements during the six months ended 31 December 2022 were as follows:

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period ¹	Number of share options				
				Balance as at 01.07.2022	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2022
(i) Directors of SUNeVision								
Fung Yuk-lun, Allen	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	-	-	-	4,000,000
	04.05.2022	6.532	04.05.2023 to 03.05.2027	4,000,000	-	-	-	4,000,000
Other directors of SUNeVision	19.06.2018	5.048	19.06.2019 to 18.06.2023	5,500,000	-	-	-	5,500,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,790,000	-	-	-	2,790,000
	05.05.2021	7.982	05.05.2022 to 04.05.2026	9,000,000	-	-	-	9,000,000
(ii) Other employees of the SUNeVision group								
	19.06.2018	5.048	19.06.2019 to 18.06.2023	930,000	-	-	(200,000)	730,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,807,000	-	-	-	2,807,000
	17.06.2020	5.39	17.06.2021 to 16.06.2025	7,772,000	-	-	(560,000)	7,212,000
	17.06.2020	5.39	01.07.2021 to 16.06.2025	450,000	-	-	-	450,000
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	-	-	-	600,000

Other Information

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period ¹	Number of share options				
				Balance as at 01.07.2022	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	Balance as at 31.12.2022
(ii) Other employees of the SUNeVision group (cont'd)	05.05.2021	7.982	05.05.2022 to 04.05.2026	4,150,000	–	–	(470,000)	3,680,000
	05.05.2021	7.982	15.07.2022 to 04.05.2026	400,000	–	–	(280,000)	120,000
	04.05.2022	6.532	04.05.2023 to 03.05.2027	6,870,000	–	–	(1,320,000)	5,550,000
	04.05.2022	6.532	01.06.2023 to 03.05.2027	350,000	–	–	–	350,000
(iii) Related entity participants of the Old SUNeVision Share Option Scheme	05.05.2021	7.982	05.10.2022 to 04.05.2026	800,000	–	–	–	800,000
	04.05.2022	6.532	04.05.2023 to 03.05.2027	100,000	–	–	–	100,000
Total				50,519,000	–	–	(2,830,000)	47,689,000

Note:

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

Save as disclosed above, there were no outstanding share options granted under the Old SUNeVision Share Option Scheme or the New SUNeVision Share Option Scheme during the six months ended 31 December 2022.

As at 1 July 2022, 165,029,953 share options were available for grant under the scheme mandate of the Old SUNeVision Share Option Scheme. No further share options can be granted under the Old SUNeVision Share Option Scheme upon its termination on 1 November 2022.

The New SUNeVision Share Option Scheme was adopted and became effective on 1 November 2022. As at both the effective date and 31 December 2022, 233,905,733 share options were available for grant under the scheme mandate of the New SUNeVision Share Option Scheme.

Other Information

(b) SmarTone

On 2 November 2021, SmarTone adopted a share option scheme which became effective on 4 November 2021 following the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 4 November 2021 in compliance with the then Listing Rules requirements (the "SmarTone Share Option Scheme").

During the six months ended 31 December 2022, SmarTone granted 4,000,000 share options under the SmarTone Share Option Scheme on 7 November 2022. Accordingly, 4,000,000 shares of SmarTone might be issued in respect of share options granted under the SmarTone Share Option Scheme during the said period, representing 0.36% of the weighted average number of ordinary shares in issue (less shares held for the SmarTone Share Award Scheme (as hereinafter defined)) for the same period.

Particulars of the outstanding share options granted under the SmarTone Share Option Scheme and their movements during the six months ended 31 December 2022 were as follows:

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period ¹	Number of share options					Closing price per share (HK\$)
				Balance as at 01.07.2022	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2022	
Director of SmarTone	07.11.2022	3.976	15.11.2022 to 14.11.2026	-	4,000,000 ²	-	-	4,000,000	4.06 ³
Total				-	4,000,000	-	-	4,000,000	

Notes:

- The share options can be exercised up to 30% of the grant from 15 November 2022, up to 60% of the grant from 15 November 2023, and in whole or in part of the grant from 15 November 2024.
- The value of these share options, as calculated by using the Black-Scholes option pricing model, was HK\$4,077,000. The significant inputs into the model were:

Risk-free interest rate	4.323% ^a
Expected volatility	18.400% ^b
Expected dividend yield	7.732% ^c
Expected life of the share options	4 years 8 days ^d

- This represented the market yield on Hong Kong government bonds (maturing August 2026) as of the valuation date.
- This represented the annualized volatility of the closing price of the shares of SmarTone over a period of 260 trading days preceding the date of grant.
- This represented the yield of the expected dividend, being the historical dividend on the shares of SmarTone for the year preceding the date of grant.
- This was based on the assumption that there was no material difference between the expected volatility over the whole life of the share options and the historical volatility of the shares of SmarTone for the year preceding the date of grant.

The value of the share options is subject to a number of assumptions and limitations of the model. Therefore, the value may be subjective and would change should any of the assumptions changed.

- This represented the closing price of the shares of SmarTone immediately before the date on which the share options were granted.

Other Information

Save as disclosed above, there were no outstanding share options granted under the SmarTone Share Option Scheme during the six months ended 31 December 2022.

As at 1 July 2022 and 31 December 2022, 111,098,860 and 107,098,860 share options were available for grant under the scheme mandate of the SmarTone Share Option Scheme respectively.

3. Share award scheme of SmarTone

On 29 June 2018, the board of SmarTone adopted a share award scheme (the “SmarTone Share Award Scheme”). Pursuant to the rules of the SmarTone Share Award Scheme, shares of SmarTone will be acquired by a trustee at the cost of SmarTone and be held in trust for selected employees of the SmarTone group until the end of each vesting period. The shares will be transferred to the selected employees upon vesting. The selected employees are not required to pay any purchase price for the transfer of the vested shares. No new shares of SmarTone will be issued under the SmarTone Share Award Scheme.

During the six months ended 31 December 2022, no shares were awarded under the SmarTone Share Award Scheme. Particulars of the outstanding shares awarded under the SmarTone Share Award Scheme and their movements during the six months ended 31 December 2022 were as follows:

Awardees	Date of award	Vesting period ¹	Number of awarded shares					Balance as at 31.12.2022
			Balance as at 01.07.2022	Awarded during the period	Vested during the period	Cancelled during the period	Lapsed during the period	
Employees of the SmarTone group	28.02.2020	28.02.2021 to 28.02.2023	417,805	–	–	–	(22,760)	395,045
Total			417,805	–	–	–	(22,760)	395,045

Note:

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

As at both 1 July 2022 and 31 December 2022, 107,171,217 awarded shares of SmarTone were available for grant under the scheme mandate of the SmarTone Share Award Scheme.

During the period under review, Chapter 17 of the Listing Rules (“Chapter 17”) had been amended to the effect that (inter alia), with effect from 1 January 2023, this only applies to share schemes (including share option schemes and share award schemes) of a principal subsidiary (as defined therein) of a listed issuer. SUNeVision and SmarTone are not principal subsidiaries of the Company within the meaning of Chapter 17, and the Company is no longer subject to the obligations under Chapter 17 insofar as the share schemes of SUNeVision and SmarTone are concerned.

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2022, substantial shareholders of the Company and other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

	Number of shares held			Total	% of issued voting shares as at 31.12.2022
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
(i) Substantial shareholders					
HSBC Trustee (C.I.) Limited	–	–	1,014,176,508 ^{1,2,3&4}	1,014,176,508	35.00
Kwong Siu-hing	25,024	–	796,028,237 ^{1&4}	796,053,261	27.47
Adolfa Limited (“Adolfa”)	231,182,838	102,479,723	–	333,662,561 ^{4&5}	11.51
Bertana Limited (“Bertana”)	231,182,838	102,479,723	–	333,662,561 ^{4&6}	11.51
Cyric Limited (“Cyric”)	231,182,838	102,479,723	–	333,662,561 ^{4&7}	11.51
(ii) Other persons					
Credit Suisse Trust Limited	–	–	216,581,592 ^{8&9}	216,581,592	7.47
Highvern Cayman Limited ¹⁰ (formerly known as “Genesis Trust & Corporate Services Ltd.”)	–	–	211,173,896 ¹¹	211,173,896	7.29
Kwok Kai-ho, Jonathan	–	–	211,173,896 ¹¹	211,173,896	7.29
Thriving Talent Limited	194,442,095 ²	–	–	194,442,095	6.71
Thriving Talent Holdings Limited	–	194,442,095 ²	–	194,442,095	6.71
Rosy Result Limited	189,149,595 ⁸	–	–	189,149,595	6.53
Asporto Limited	187,357,707 ¹¹	–	–	187,357,707	6.47

Notes:

1. Madam Kwong Siu-hing was deemed to be interested in 796,028,237 shares in the Company by virtue of her being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares formed part of the shares in the Company in which HSBC Trustee (C.I.) Limited was deemed to be interested by virtue of it being the trustee of certain discretionary trusts and were therefore duplicated between these two substantial shareholders.
2. In addition to the deemed interests as stated in Note 1 above, HSBC Trustee (C.I.) Limited was deemed to be interested in 218,147,771 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 194,442,095 shares represented the same interests held by Thriving Talent Limited (which was a wholly-owned subsidiary of Thriving Talent Holdings Limited) and were therefore duplicated amongst them.

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

3. HSBC Trustee (C.I.) Limited was also deemed to be interested in 500 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.

Other Information

4. *Of the respective shares in the Company held by Adolfa, Bertana and Cyric, 102,479,723 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of the entire issued share capital. These 102,479,723 shares represented the same interests and were therefore duplicated amongst these companies. Further, the respective shares held by Adolfa, Bertana and Cyric formed part of the shares in the Company in which each of Madam Kwong Siu-hing and HSBC Trustee (C.I.) Limited was deemed to be interested.*
5. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*
6. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*
7. *These shares were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.*
8. *Credit Suisse Trust Limited was deemed to be interested in 216,575,125 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 189,149,595 shares represented the same interests held by Rosy Result Limited and were therefore duplicated between them.*

The 216,575,125 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

9. *In addition to the deemed interests as stated in Note 8 above, Credit Suisse Trust Limited was deemed to be interested in 6,467 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.*
10. *Genesis Trust & Corporate Services Ltd. has changed its name to Highvern Cayman Limited with effect from 9 January 2023.*
11. *Highvern Cayman Limited was deemed to be interested in 211,173,896 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO. These shares represented the same interests in which Mr. Kwok Kai-ho, Jonathan was deemed to be interested by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO and were therefore duplicated between them. Of these shares, 187,357,707 shares represented the same interests held by Asporto Limited and were therefore duplicated amongst them.*

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

Save as disclosed above, as at 31 December 2022, there were no other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

Other Information

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2022, the Group employed more than 40,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2022 amounted to approximately HK\$6,889 million. Compensation for the Group is made with reference to the market as well as individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. Share option and share award schemes have also been adopted by certain subsidiaries of the Company to provide appropriate long-term incentive to the key staff of the Group.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

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

INTERIM DIVIDEND

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK\$1.25 per share (2021: HK\$1.25 per share) for the six months ended 31 December 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 10 March 2023. The interim dividend will be payable in cash on Thursday, 16 March 2023. Shares of the Company will be traded ex-dividend as from Wednesday, 8 March 2023.

CLOSURE OF REGISTER OF MEMBERS

The record date for ascertaining Shareholders' entitlement to the interim dividend will be Friday, 10 March 2023, during which the register of members of the Company will be closed and no transfer of shares will be registered. In order to establish entitlements to the interim dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 9 March 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2022.

Other Information

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2022 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out on page 18 of this report. The interim results have also been reviewed by the Audit and Risk Management Committee of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2022, the Company has complied with the code provisions (the “Code Provisions”) of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that there is no separation of the roles of chairman and chief executive as required under Code Provision C.2.1. However, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are two Non-Executive Directors and eight Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

By order of the Board

Yung Sheung-tat, Sandy

Company Secretary

Hong Kong, 23 February 2023

