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恒隆地產有限公司

HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00101)

2023 ANNUAL RESULTS

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FINANCIAL HIGHLIGHTS

in HK\$ Million (unless otherwise stated)

RESULTS

	2023			2022		
	Property Leasing	Property Sales	Total	Property Leasing	Property Sales	Total
Revenue	10,316	-	10,316	10,031	316	10,347
- Mainland China	6,967	-	6,967	6,752	-	6,752
- Hong Kong	3,349	-	3,349	3,279	316	3,595
Operating profit/(loss)	7,441	(52)	7,389	7,166	87	7,253
- Mainland China	4,749	(44)	4,705	4,554	(51)	4,503
- Hong Kong	2,692	(8)	2,684	2,612	138	2,750
Underlying net profit/(loss) attributable to shareholders	4,177	(40)	4,137	4,135	64	4,199
Net decrease in fair value of properties attributable to shareholders	(167)	-	(167)	(363)	-	(363)
Net profit/(loss) attributable to shareholders	4,010	(40)	3,970	3,772	64	3,836
			At December 31, 2023			At December 31, 2022
Shareholders' equity			132,408			133,381
Net assets attributable to shareholders per share (HK\$)			\$29.4			\$29.6

Earnings and Dividends (HK\$)

	2023	2022
Earnings per share		
- Based on underlying net profit attributable to shareholders	\$0.92	\$0.93
- Based on net profit attributable to shareholders	\$0.88	\$0.85
Dividends per share	\$0.78	\$0.78
- Interim	\$0.18	\$0.18
- Final	\$0.60	\$0.60

Financial Ratios

	2023	2022
Payout ratio (based on net profit attributable to shareholders)		
- Total	88%	91%
- Property leasing	88%	93%
- Property leasing (after deducting amount of interest capitalized)	111%	114%
Payout ratio (based on underlying net profit attributable to shareholders)		
- Total	85%	84%
- Property leasing	84%	85%
- Property leasing (after deducting amount of interest capitalized)	106%	102%
	At December 31, 2023	At December 31, 2022
Net debt to equity ratio	31.9%	28.1%
Debt to equity ratio	35.7%	31.8%

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

The total revenue of Hang Lung Properties Limited (the Company) and its subsidiaries (collectively known as “Hang Lung Properties”) for the year ended December 31, 2023 was HK\$10,316 million, remaining flat against last year despite the depreciation of the Renminbi (“RMB”) and the absence of property sales revenue recognition during the year (2022: HK\$316 million). Revenue from property leasing increased by 3% to HK\$10,316 million as a result of our unique positioning, unwavering customer focus and disciplined execution. The overall operating profit rose by 2% to HK\$7,389 million.

The underlying net profit attributable to shareholders declined by 1% to HK\$4,137 million with higher net interest expense. The underlying earnings per share dropped correspondingly to HK\$0.92.

Including a net revaluation loss on properties attributable to shareholders of HK\$167 million (2022: net revaluation loss of HK\$363 million), Hang Lung Properties reported a net profit attributable to shareholders of HK\$3,970 million (2022: HK\$3,836 million). The corresponding earnings per share was HK\$0.88 (2022: HK\$0.85).

Revenue and Operating Profit

	Revenue			Operating Profit/(Loss)		
	2023	2022	Change	2023	2022	Change
	HK\$ Million	HK\$ Million		HK\$ Million	HK\$ Million	
Property Leasing	10,316	10,031	3%	7,441	7,166	4%
Mainland China	6,967	6,752	3%	4,749	4,554	4%
Hong Kong	3,349	3,279	2%	2,692	2,612	3%
Property Sales	-	316	-100%	(52)	87	N/A
Total	10,316	10,347	-	7,389	7,253	2%

DIVIDEND

The Board of Directors has recommended a final dividend of HK60 cents per share for 2023 (2022: HK60 cents) to shareholders whose names are listed on the register of members on May 10, 2024. Together with an interim dividend of HK18 cents per share (2022: HK18 cents), the full-year dividends for 2023 amounted to HK78 cents per share (2022: HK78 cents).

The Board of Directors proposes that eligible shareholders be given the option to elect to receive the final dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the “Scrip Dividend Arrangement”). The Scrip Dividend Arrangement is conditional upon: (1) the granting of a general mandate by the shareholders of the Company to the Board of Directors to allot, issue and deal with such additional shares of the Company representing 20% of the number of shares in issue on the date of passing such resolution at the Annual General Meeting to be held on April 26, 2024 (the “AGM”); (2) the approval of the proposed final dividend at the AGM; and (3) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

A circular containing details of the Scrip Dividend Arrangement and the form of election for scrip dividend is expected to be despatched to the shareholders on or about May 17, 2024. It is expected that the final dividend warrants and the share certificates to be issued under the Scrip Dividend Arrangement will be despatched to the shareholders on or about June 14, 2024.

PROPERTY LEASING

The overall rental revenue increased by 3% to HK\$10,316 million for the year ended December 31, 2023. Rental revenue of our Mainland portfolio rose by 8% in RMB terms and 3% in HKD terms after accounting for the RMB depreciation against last year. Our Hong Kong portfolio recorded 2% growth in rental revenue.

On the Mainland, following an initial rebound from a low base—during which our overall tenant sales and rental revenue grew by 42% and 13% in the first half of the year, respectively—the market continues to normalize with full-year tenant sales and rental revenue rising by 23% and 8%, respectively, in RMB terms, against last year. After capturing the initial upsurge in the first quarter of 2023 with an effective marketing push, we launched numerous promotional events and innovative marketing initiatives throughout the year while leveraging HOUSE 66—our customer relationship management (CRM) program—to solidify our market position and engage loyal customers and new members.

Hong Kong’s business environment is gradually recovering after the border reopening with the Mainland, but the city is facing increasing competition from neighboring cities and regions. As Hong Kong evolves in this new environment, we continue to proactively optimize our tenant mix and promote our “hello Hang Lung Malls Rewards Program” to increase footfall and customer loyalty. On account of these efforts, our overall rental revenue increased by 2%, and tenant sales experienced a 14% year-on-year growth.

Mainland China¹
Property Leasing – Mainland China Portfolio

	Revenue		
	(RMB Million)		
	2023	2022	Change
Malls	4,963	4,607	8%
Offices	1,161	1,110	5%
Hotel	139	73	90%
Total	6,263	5,790	8%
<i>Total in HK\$ Million equivalent</i>	6,967	6,752	3%

Overall rental revenue and operating profit rose by 8% and 9%, respectively. Due to the depreciation of the RMB, these increases were diluted to 3% and 4%, respectively, in HKD terms. Our malls benefited from improved consumer sentiment and tenant sales, recording a growth in revenue of 8% after a relatively stagnant performance in 2022, characterized by numerous COVID-19-related disruptions, including mall closures. Our premium office portfolio maintained a solid foundation of growth and rose by 5%, driven mainly by higher rentals from our office tower at Plaza 66 in Shanghai, as well as increases in occupancy rates at our younger office towers in Kunming and Wuhan. Our hotel operations experienced a meaningful and solid recovery following the relaxation of travel restrictions, and delivered a remarkable rise in revenue of 90% year-on-year.

- *Malls*

Revenue of our mall portfolio grew by 8%, with our luxury-positioned malls achieving a 9% increase in revenue, while revenue from our sub-luxury malls stayed flat against 2022. With the exception of Forum 66 in Shenyang which was in the face of keen competition in the market, our luxury malls recorded solid growth ranging from 6% at Grand Gateway 66 in Shanghai to 19% at Olympia 66 in Dalian, as the latter becomes the city's leading luxury mall. Revenue from our sub-luxury malls continues to improve with higher occupancy.

¹ Percentage changes pertaining to the mainland China portfolio are expressed in RMB terms unless otherwise specified.

Property Leasing – Mainland China Mall Portfolio

Name of Mall and City	Revenue			Year-End	
	(RMB Million)			Occupancy Rate	
	2023	2022	Change	2023	2022
<i>Luxury malls</i>					
Plaza 66, Shanghai	1,755	1,595	10%	100%	100%
Grand Gateway 66, Shanghai	1,213	1,146	6%	99%	99%
Forum 66, Shenyang	96	97	-1%	81%	87%
Center 66, Wuxi	446	398	12%	98%	99%
Olympia 66, Dalian	272	229	19%	90%	89%
Spring City 66, Kunming	305	285	7%	98%	95%
Heartland 66, Wuhan	251	232	8%	82%	86%
	4,338	3,982	9%		
<i>Sub-luxury malls</i>					
Palace 66, Shenyang	158	161	-2%	90%	81%
Parc 66, Jinan	315	304	4%	93%	90%
Riverside 66, Tianjin	152	160	-5%	90%	80%
	625	625	-		
Total	4,963	4,607	8%		

For the year under review, the revenue of our luxury malls increased by 9%. While revenue at Forum 66 in Shenyang declined by 1% due to the keen competition in the market, revenue from the remaining luxury malls increased by a range of 6% to 19% year-on-year. Revenue from our sub-luxury malls was the same as last year with a gradual recovery of occupancy. Parc 66 in Jinan reported 4% growth in revenue after multiple beauty and first-in-town brands opened in the second half of 2022 following the completion of the first stage of its Asset Enhancement Initiative (AEI).

Luxury malls

Our flagship **Plaza 66** mall in Shanghai achieved another year of outstanding performance with solid growth in revenue and tenant sales of 10% and 24%, respectively, year-on-year. Our proactive CRM programs and impeccable service deepened engagement with customers and offered extraordinary experiences to shoppers. Our annual signature event, the “HOME TO LUXURY” Party held in November, successfully boosted tenant sales and strengthened customer loyalty. Together with innovative marketing campaigns, including “Game of Wonder”, in which

took place in April, we captured improved consumer sentiment and further solidify our luxury positioning. The mall continued to be fully occupied at the end of the year. To enhance our offering at this prime location, we have recently obtained approval from local government to utilize an existing landscape area to build a retail structure, with a gross floor area of approximately 3,000 square meters. The development will provide a more comprehensive shopping experience to our customers and further strengthen our leading position in the city.

Our other mall in Shanghai, **Grand Gateway 66**, which carries more lifestyle content than its flagship sister, generated revenue growth of 6% year-on-year, with tenant sales rising by 30%. The “Gateway to Inspiration” anniversary party held in October cemented the mall’s position as a regional landmark of lifestyle and retail experiences. We also organized an exclusive in-mall event tied with the May premiere of the Chinese version of “The Phantom of the Opera”, which became the talk of the town attracted widespread attention on social media and generated excellent footfall. At year-end, the occupancy rate remained high at 99%.

The revenue of **Forum 66** mall in Shenyang declined by 1% due to the keen competition in the market. Joint marketing initiatives with Conrad Shenyang and Palace 66 in Shenyang continued to create productive synergy and enhance customer experiences. As part of our anniversary celebrations, an eye-opening circus performance by the world-renowned Cirque du Soleil attracted footfall and media attention. The occupancy rate as of December 2023 dropped 6 points to 81%.

Center 66, the leading luxury retail mall in Wuxi, recorded another record year, with revenue and tenant sales rising by 12% and 19%, respectively. The opening of several top-tier luxury brands at the mall strengthened its positioning as a leading luxury location. Our annual three-day “Take Center Stage” event, held in September alongside targeted promotions, significantly boosted consumption and footfall for the third year in a row. As of December 2023, the occupancy rate remained high at 98%.

Revenue and tenant sales of **Olympia 66** in Dalian grew by 19% and 29% year-on-year, respectively, as it transformed into a regional luxury landmark. Effective marketing initiatives such as the mall’s signature event held in April, “Shining Olympia”, continued to boost consumer sentiment and footfall. The occupancy rate rose by 1 point to 90% as of December 2023.

Revenue and tenant sales of **Spring City 66** mall in Kunming increased by 7% and 8%, respectively, as successful marketing campaigns were rolled out to capitalize on the return of tourists to the city and strengthen relations with customers, including our anniversary event held in November, “Spring into Life”. Entering its fourth year of operations, the mall continues to

provide strong base rents with positive rental reversions and a high occupancy rate, which stood at 98% at year-end.

Our first large-scale commercial development in central China, **Heartland 66** mall in Wuhan, has been refining its trade mix since the beginning of 2023 to bolster its competitiveness. Occupancy dropped by 4 points to 82% at the year-end but was on a recovery trend. Despite the occupancy rate fall, revenue rose by 8% while tenant sales increased by 20%. Targeted marketing events, such as our second-anniversary campaign, “Cirque du Soleil First-in-Wuhan”, held in March, and “Be My Heartland”, held in September, boosted tenant sales and strengthened customer loyalty.

Sub-luxury malls

The revenue of **Palace 66** in Shenyang dropped by 2% due to a low occupancy rate inherited at the start of the year from COVID-19 disruptions. During the year under review, we enriched our brand mix to expand our target customer base and offered a broader range of food and beverage outlets to appeal to a variety of tastes. Capturing the local government’s commitment to leveraging the historical heritage of the Zhongjie District and transforming it into a placemaking hot spot, a series of weekend happenings and music performances was organized for customers in and out of town. Tenant sales surged by 44% and the occupancy rate recovered 9 points to 90% against the close of December 2022.

Revenue and tenant sales of **Parc 66** in Jinan increased by 4% and 25%, respectively. Multiple beauty and brand stores opened in the second half of 2022—some of which are exclusive to Parc 66 in the city—following the completion of the first phase of the mall’s AEI. The remaining phases of the AEI are expected to conclude between late 2024 and early 2025. The rejuvenated mall will continue to strengthen its desirability to customers and long-term profitability. The occupancy rate as of December 2023 rose by 3 points to 93% at the end of the year.

With a low occupancy rate at the start of the year due to COVID-19 pressures in 2022, revenue of **Riverside 66** in Tianjin dropped by 5%. Through relentless promotion and marketing efforts, and the introduction of indoor play areas and other entertainment facilities, revenue in the second half of the year successfully surpassed that of the first 6 months. Tenant sales for the year under review surged by 41% and the occupancy rate leapt by 10 points to 90% as of the end of December 2023.

- *Offices*

The office portfolio, accounting for 19% of our total Mainland rental revenue, continued to provide a reliable source of growth and income. The total revenue rose by 5% to RMB1,161 million year-on-year, driven primarily by the solid performance of Plaza 66 as well as growth from our newer office towers in Kunming and Wuhan.

Property Leasing – Mainland China Office Portfolio

Name of Office and City	Revenue			Year-End	
	(RMB Million)			Occupancy Rate	
	2023	2022	Change	2023	2022
Plaza 66, Shanghai	668	639	5%	96%	96%
Forum 66, Shenyang	126	130	-3%	89%	91%
Center 66, Wuxi	117	119	-2%	85%	85%
Spring City 66, Kunming	140	126	11%	88%	88%
Heartland 66, Wuhan	110	96	15%	76%	73%
Total	1,161	1,110	5%		

Our 2 Grade A office towers at **Plaza 66** in Shanghai continued to record satisfactory rental performance during the year, with rental growth of 5%, attributed to our strong tenant profile, professional management services and prominent location in the city's traditional central business district. An innovative digital tool is also being introduced to further enhance tenant experiences and service quality. The occupancy rate remained high at 96% at the end of the year.

Revenue of the office tower at **Forum 66** in Shenyang fell 3% as the occupancy rate dropped by 2 points to 89% as of December 2023. Local market conditions remain challenging with a rising supply of office space and continuing soft demand in the market.

The total revenue of the 2 office towers at **Center 66** in Wuxi tumbled by 2%, primarily because of the low occupancy rate at the start of the year that carried over from the end of 2022. Our high-quality offerings enabled us to maintain a steady level of unit rent during the year. The occupancy rate stayed at 85% as of December 2023.

Our office tower at **Spring City 66** in Kunming recorded revenue growth of 11% on the strength of the mall's unrivaled quality of facilities and services. The occupancy rate remained at a healthy 88%.

Revenue of the **Heartland 66** Office Tower in Wuhan increased by 15% and the occupancy rate climbed by 3 points to 76%. The improved occupancy can be attributed to the premium building quality, high specifications, and convenient transport network. Our self-operated multifunctional workspace, HANGOUT, opened in March 2023, offering versatile spaces and amenities for tenants and further strengthening the Grade A office tower's market positioning and competitiveness. HANGOUT has attracted numerous influential corporations, including Fortune 500 pharmaceutical companies and several of China's top 500 insurance companies.

- *Hotel*

Buoyed by the rebound of the tourism industry after the lifting of travel restrictions and the resumption of international travel in early 2023, revenue grew by 90% year-on-year. Both our room and food and beverage businesses performed well following an increase in business and leisure travel, with room revenue contributing 1.1 times growth while food and beverage achieved 68% growth in revenue.

Hong Kong

Hong Kong's market has improved since borders reopened and the city has gradually settled into a new normal. The Hong Kong economy achieved a healthy recovery in 2023, especially in the retail market.

Alongside different campaigns organized by the government, such as "Happy Hong Kong" and "Night Vibes Hong Kong", a series of robust marketing promotions and the launch of the "hello dollar" rewards program during 2023 has proven effective in accelerating sales momentum and local consumption and further elevating our customer shopping experiences.

Revenue and operating profit increased by 2% to HK\$3,349 million and by 3% to HK\$2,692 million, respectively, with a rental margin of 80%.

Property Leasing – Hong Kong Portfolio

	Revenue (HK\$ Million)			Year-End Occupancy Rate	
	2023	2022	Change	2023	2022
Retail	2,007	1,931	4%	95%	98%
Offices	1,108	1,096	1%	89%	90%
Residential & Serviced Apartments	234	252	-7%	77%	73%
Total	3,349	3,279	2%		

- *Retail*

Revenue from our Hong Kong retail portfolio grew by 4% to HK\$2,007 million. Owing to the continual refinement and diversification of our brand mix, the overall occupancy slightly dropped to 95%.

Retail leasing sentiment stayed healthy, and demand from tourist-oriented trades kept improving. Supported by a series of promotional campaigns under the “hello Hang Lung Malls Rewards Program” and another round of government consumption vouchers, total tenant sales and sales rent grew by 14% and 17%, respectively, primarily in the food and beverage, jewelry and watches, and personal care and beauty segments.

Retail properties located in our **Central Business and Tourist District Portfolio** generated a noticeable increase in overall rental growth of 6%. The performance of our retail properties at Mongkok, Causeway Bay and The Peak benefited from improved inbound tourism. Overall occupancy remained high at 95%.

Our **Community Mall Portfolio** continued to record a strong performance, with overall revenue rising by 2% against last year. Occupancy at Kornhill Plaza in Hong Kong East stayed high at 98% while the refinement at Amoy Plaza in Kowloon East has led the occupancy rate to 89% as of the reporting date.

- *Offices*

Our office revenue grew by 1% despite a soft leasing market reflecting high economic uncertainty with subdued demand and increased availability (caused by oversupply and higher vacancies on Hong Kong Island, especially in Central). Proactive measures were implemented to maintain a relatively high occupancy level of 89%.

For our **Hong Kong Island Portfolio**, revenue rose by 1% with the average occupancy climbing to 84% within a challenging market environment. Our newest office tower, 228 Electric Road, generated revenue beginning in May 2023, and leased areas have been handed over to tenants in phases. If excluding the revenue contribution from 228 Electric Road, overall revenue grew by 1% year-on-year.

Revenue at our **Kowloon Portfolio** increased by 1% with the occupancy increased to 95% due to the more resilient semi-retail positioning of Grand Plaza and Gala Place, and medical-focus business offering in Grand Centre.

- *Residential & Serviced Apartments*

Revenue of our residential and serviced apartments segment declined by 7% year-on-year, primarily due to a rental income reduction from The Summit in the Mid-Levels district as it began its renovations from September 2023. If excluding the impacts of The Summit, revenue grew by 8% year-on-year mostly because of improvements in occupancy and room rates at Kornhill Apartments in Hong Kong East.

PROPERTY SALES

No property sales revenue was recorded during the reporting year. In 2022, revenue of HK\$316 million was recognized for the sale of 1 house on Blue Pool Road upon its sale completion. The operating loss from property sales for the year was HK\$52 million, mostly made up of selling expenses for The Aperture in Kowloon Bay, and marketing expenses for the Grand Hyatt Residences Kunming, Center Residences in Wuxi and Heartland Residences in Wuhan.

As of December 31, 2023, 126 residential units at The Aperture had been sold at a total of HK\$1,108 million since 2021. The revenue is expected to be recognized in the first half of 2024 upon sale completion.

We continued to seize opportunities to dispose of non-core investment properties for capital recycling. During the reporting year, 11 car parking spaces held as investment properties were disposed of, and a total net gain on disposal of HK\$11 million was recognized as other net income.

PROPERTY REVALUATION

As of December 31, 2023, the total value of our investment properties and those under development amounted to HK\$192,656 million, including the mainland China portfolio of HK\$130,477 million and the Hong Kong portfolio of HK\$62,179 million. These properties were appraised by Savills, an independent valuer, as of December 31, 2023.

A revaluation loss of HK\$9 million was recorded (2022: loss of HK\$345 million).

The mainland China portfolio recorded a revaluation gain of HK\$295 million (2022: loss of HK\$117 million), representing less than 1% of the portfolio value.

The Hong Kong portfolio had a revaluation loss of HK\$304 million (2022: loss of HK\$228 million), representing a less than 1% decrease against the value as of December 31, 2022.

Net revaluation loss after tax and non-controlling interests of HK\$167 million was reported (2022: net revaluation loss of HK\$363 million).

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The aggregated values of our projects under development for leasing and sale were HK\$23,610 million and HK\$9,866 million, respectively. These comprised mainland China projects in Wuhan, Wuxi, Kunming, Hangzhou, and Shenyang, and redevelopment projects in Hong Kong. As of the reporting date, our capital commitments for the development of investment properties amounted to HK\$15 billion.

Mainland China

Heartland Residences (武漢恒隆府) in Wuhan—the inaugural project of our premium serviced residences brand on the Mainland—is situated in the immediate proximity of Heartland 66 and comprises 3 towers offering a total of 492 units. Completion certificates of all 3 towers were obtained by the end of October 2023. The sales campaign for Tower 3 is in progress.

Grand Hyatt Residences Kunming (昆明君悅居) and **Grand Hyatt Kunming** are integral components of the remaining Spring City 66 development. The Residences sit above the hotel and house 254 apartment units, including 3 premium penthouses. Grand Hyatt Kunming features

331 guestrooms and suites. Sales launch for the Residences commenced in October 2023. Completion is scheduled in phases from 2024, and the opening of the Grand Hyatt Kunming is planned for mid-2024.

Center Residences (無錫恒隆府) in Wuxi and **Curio Collection by Hilton**, a lifestyle boutique hotel, form the Phase 2 development of Center 66. The Residences comprise 2 high-rise residential towers housing 573 units. In addition, there will be a seven-story new-build tower and a three-floor heritage building offering a combined total of 105 hotel rooms. Construction is progressing on track with the topping-out in December, and the project is scheduled for completion in phases from 2025 onwards. The Center Residences pre-sale is subject to market conditions, while the opening of Curio Collection by Hilton is planned for the first half of 2025.

Westlake 66 in Hangzhou is an integrated high-end commercial development comprising a retail podium, 5 Grade A office towers, and a luxury hotel: **Mandarin Oriental Hangzhou**. Mandarin Oriental Hangzhou, featuring more than 190 premium guestrooms and suites, is slated to open in late 2025. Scheduled for completion by phases from 2024 onwards, Westlake 66 recently won the Gold Award in “Best New Mega Development” Category at MIPIM Asia Awards 2023 in recognition of its ingenious blend of Hangzhou’s urban cultural heritage with the intricate details and sophisticated aesthetic of modern architecture.

The remaining mixed-use development of Forum 66 in Shenyang yields a gross floor area of more than 500,000 square meters. Design and planning works are ongoing.

Hong Kong

The pre-sale of The Aperture was launched in December 2021 and construction is targeted for completion in the first half of 2024.

The land acquisition at 37 Shouson Hill Road in the Southern District of Hong Kong Island was completed in February 2021. The land site will be redeveloped into luxurious detached houses, and the general building plan was approved in August 2022.

FINANCING MANAGEMENT

We have been maintaining an appropriate capital structure with multiple financing channels to ensure that financial resources are always available to meet operational needs and expansions. A

sufficient level of standby banking facilities and other debt capital fundings is in place to cushion Hang Lung Properties from any unexpected external economic shocks. All financial risk management, including debt refinancing, foreign exchange exposure, and interest rate volatility, is centrally managed and controlled at the corporate level.

Funding needs are closely monitored and regularly reviewed to allow a fair degree of financial flexibility and liquidity while optimizing the cost of funds. We also maintain various sources of debt financing to mitigate concentration risks.

For debt portfolio management, we focus on mitigating foreign exchange, interest rate, and refinancing risks through an appropriate mix of HKD/RMB/USD borrowings, fixed/floating-rate debts, a staggered debt repayment profile, and a diversified source of funding.

As part of our environmental, social and governance (ESG) initiatives, Hang Lung Properties continues to make more use of sustainable finance. During the year, we issued green bonds worth HK\$0.4 billion, obtained RMB0.5 billion in green loan facilities, and secured HK\$5.2 billion in sustainability-linked loan facilities. These are collectively referred to as sustainable finance, which now accounts for 55% of our total debts and available facilities.

- *Cash Management*

Total cash and bank balances at the reporting date by currency:

	At December 31, 2023		At December 31, 2022	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Denominated in:				
HKD	3,311	62%	2,102	40%
RMB	1,877	35%	2,974	57%
USD	164	3%	153	3%
Total cash and bank balances	5,352	100%	5,229	100%

All deposits are placed with banks carrying strong credit ratings. The counterparty risk is routinely monitored.

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK\$50,704 million (December 31, 2022:

HK\$45,524 million), of which 29% was denominated in RMB to act as a natural hedge to net investments in mainland China.

Our fixed-rate borrowings primarily consist of medium-term notes (MTNs) and bank loans that are converted to fixed-rate through the use of interest rate swaps. The percentage of fixed-rate borrowings decreased to 37% of total borrowings as of December 31, 2023. After excluding the onshore floating-rate debts, the percentage of fixed-rate borrowings would be 50% of the total offshore borrowings as of December 31, 2023 (December 31, 2022: 53%).

The composition of our debt portfolio can be categorized as follows:

(i) by currency (after currency swap):

	<u>At December 31, 2023</u>		<u>At December 31, 2022</u>	
	HK\$ Million	<i>% of Total</i>	HK\$ Million	<i>% of Total</i>
Denominated in:				
HKD	35,920	<i>71%</i>	32,723	<i>72%</i>
RMB	14,784	<i>29%</i>	12,801	<i>28%</i>
Total borrowings	50,704	<i>100%</i>	45,524	<i>100%</i>

(ii) by fixed or floating interest (after interest rate swap):

	<u>At December 31, 2023</u>		<u>At December 31, 2022</u>	
	HK\$ Million	<i>% of Total</i>	HK\$ Million	<i>% of Total</i>
Fixed	18,576	<i>37%</i>	17,376	<i>38%</i>
Floating	32,128	<i>63%</i>	28,148	<i>62%</i>
Total borrowings	50,704	<i>100%</i>	45,524	<i>100%</i>

● *Gearing Ratios*

At the reporting date, the net debt balance amounted to HK\$45,352 million (December 31, 2022: HK\$40,295 million). The net debt to equity ratio was 31.9% (December 31, 2022: 28.1%), and the debt to equity ratio was 35.7% (December 31, 2022: 31.8%). The net debt to equity ratio increase was largely due to capital expenditures in both mainland China and Hong Kong.

- *Maturity Profile and Refinancing*

At the balance sheet date, the average tenure of our debt portfolio was 3.0 years (December 31, 2022: 3.2 years). The maturity profile was staggered over more than 10 years. Around 63% of our outstanding debts would be repayable after 2 years.

	<u>At December 31, 2023</u>		<u>At December 31, 2022</u>	
	HK\$ Million	<i>% of Total</i>	HK\$ Million	<i>% of Total</i>
Repayable:				
Within 1 year	4,434	<i>9%</i>	4,533	<i>10%</i>
After 1 but within 2 years	14,091	<i>28%</i>	8,112	<i>18%</i>
After 2 but within 5 years	27,779	<i>55%</i>	27,621	<i>61%</i>
Over 5 years	4,400	<i>8%</i>	5,258	<i>11%</i>
Total borrowings	50,704	<i>100%</i>	45,524	<i>100%</i>

As of December 31, 2023, total undrawn committed banking facilities amounted to HK\$15,717 million (December 31, 2022: HK\$21,374 million). The available balances of the US\$4 billion (December 31, 2022: US\$4 billion) MTN program amounted to US\$2,251 million, equivalent to HK\$17,584 million (December 31, 2022: HK\$18,343 million).

- *Net Finance Costs and Interest Cover*

For the year ended December 31, 2023, gross finance costs rose by 30% to HK\$1,959 million following the higher average effective cost of borrowing of 4.3% (2022: 3.5%) (attributed to the hike in average interest rates) and the increase in borrowings for capital expenditure.

The net amount charged to the statement of profit or loss (after excluding capitalized amounts) increased to HK\$692 million accordingly.

Interest cover for 2023 was 3.6 times (2022: 4.6 times).

- *Foreign Exchange Management*

The primary exchange rate risk that we are exposed to is RMB fluctuations. Such RMB exposure is mainly derived from the currency translation risk arising from the net assets of our subsidiaries in mainland China.

We practice the strict discipline of not speculating on the movement of the RMB against the HKD and maintain an appropriate level of RMB resources for capital requirements in mainland China, including cash inflows from local operations and RMB borrowings. Regular business reviews are carried out to assess the level of funding needed for our mainland China projects, taking into account factors such as regulatory constraints, project development timelines, and the market environment. Appropriate modifications to our funding plan will be conducted in light of any changes in circumstances.

As of December 31, 2023, net assets denominated in RMB accounted for approximately 73% of our total net assets. The RMB depreciated against the HKD by 1.4% compared with December 31, 2022. The translation of these net assets from RMB into HKD at the exchange rate as of the reporting date resulted in a translation loss of HK\$1,605 million (2022: loss of HK\$9,770 million), recognized in other comprehensive income/exchange reserve.

- *Charge of Assets*

Assets of Hang Lung Properties were not charged to third parties as of December 31, 2023.

- *Contingent Liabilities*

Hang Lung Properties had no material contingent liabilities as of December 31, 2023.

CORPORATE INITIATIVES

Further Elevating Our Bespoke CRM Program and Brand Campaign

In its sixth year since launch, our HOUSE 66 CRM program has completed a brand visual refresh and upgraded a selection of its member benefits and privileges. Hang Lung also implemented a nationwide campaign across 10 of our shopping malls in 8 Mainland cities to celebrate the new branding and offer special privileges and exclusive experiences to HOUSE 66 customers. In addition, Hang Lung's annual 66 Brand Campaign on the Mainland took another step forward this year and introduced immersive spaces at our shopping malls, providing customers with intriguing and sophisticated experiences that blend art and fashion. The initiative made a strong impact on social media and other platforms to drive awareness and reinforce Hang Lung's mission to become the Pulse of the City.

Taking a Step Forward to Decarbonize Real Estate

In 2023, Hang Lung announced a two-year strategic collaboration with a carbon capture, utilization, and storage (CCUS) company CLEANCO2, to reuse waste concrete as low carbon recycled concrete aggregate (RCA) and adopt CLEANCO2 low carbon concrete bricks for our Westlake 66 development in Hangzhou to reduce the project's embodied carbon. This marked the first commercial development project in mainland China and Hong Kong to use low carbon concrete bricks. Embodied carbon associated with buildings accounts for approximately 75% of a building's total carbon emissions over a typical 60-year lifetime, and Hang Lung recognizes the importance of reducing embodied carbon and collaborating with strategic partners on this issue. The technology developed by CLEANCO2 originated from the State Key Laboratory of Clean Energy Utilization (CEU) of Zhejiang University.

Teaming Up With Green Partners to Shape Circularity in Hong Kong

Hang Lung has been undergoing a major rejuvenation project for our Hong Kong offices since May 2023. We aim to create workplaces that promote wellness, engagement, and a collaborative culture, and strive to minimize the project's environmental impacts while promoting employee and community wellbeing. As part of this initiative, we collaborated with Sustainable Office Solutions and Crossroads Foundation to implement a holistic resource utilization scheme for the project. The first phase of the collaboration has seen over 3,200 office resources being reused, redistributed, or recycled, successfully diverting nearly 140,000 kg of municipal waste from landfills and avoiding more than 510 tons of carbon emissions. We provided 182 items to 14 NGOs in the initial phase of the scheme, including Crossroads Foundation, Oxfam Hong Kong and Hong Kong PHAB Association, spanning different NGO sectors in Hong Kong. In addition, nearly 90 staff members from Hong Kong also participated in the first round of the Staff Take

Home Program to take home and reuse well-maintained office furniture and electronic appliances.

Promoting Social Inclusion and Supporting Vulnerable Groups

With the theme of “Caring for Women’s Physical and Mental Health”, more than 1,200 Hang Lung As One volunteers participated in our annual Nationwide Volunteer Day in September. Over 7,300 grassroots women and their children from Hong Kong and 9 cities across mainland China participated in engaging activities such as art workshops, health lectures, and fitness classes to relieve their daily work and family pressures.

During the year, Hang Lung also partnered with the Ebenezer School & Home for the Visually Impaired (“Ebenezer”) to set up “The Hang Lung Scholarship and Development Donation for the Visually Impaired”. Proceeds from the HK\$30 million fund will be used every year for scholarships and learning subsidies to support the holistic development of outstanding students and graduates of Ebenezer in pursuing their studies and career development.

OUTLOOK

Moving into 2024, we remain vigilant as uncertainties and challenges continue in the markets in which we operate. Geopolitical concerns persist in the Mainland, resulting in sluggish economic growth and weak currency outlooks, while Hong Kong works to reengineer its international competitiveness and appeal. A relatively high interest rate environment is also expected to maintain in the background. To counter these headwinds, we will leverage our unique positioning and CRM platforms to further enhance our tenant engagement and sustain our revenue growth streak.

In mainland China, we continue cultivating our leasing portfolio to achieve growth alongside strategic marketing campaigns and our portfolio-wide HOUSE 66 CRM program. Following the success of our 2 sister malls in Shanghai, namely Plaza 66 and Grand Gateway 66, the maturation of our luxury malls outside Shanghai will contribute to further growth in years to come. Our sub-luxury malls will also provide solid growth with improved occupancy and footfall. Meanwhile, our office portfolio will welcome its newest sibling, Westlake 66 in Hangzhou, in late 2024 and offer a stable income stream. Conrad Shenyang will be joined by Grand Hyatt Kunming in mid-2024, in time to capture the post-pandemic rise in business and leisure travel.

Hong Kong's overall leasing market outlook for 2024 remains challenging as years of embattlement since 2018 will take time to fully recover. We will continue to focus on enhancing shopping experience and engagement through our "hello Hang Lung Malls Rewards Program" and seek opportunities to optimize our Hong Kong portfolio through AEI and capital recycling exercises.

On the property sale side, subject to market conditions, we will continue with the launch of our premium serviced residences brand on the Mainland, Hang Lung Residences (comprising Heartland Residences in Wuhan, Grand Hyatt Residences in Kunming, and Center Residences in Wuxi). The first batch of units at Heartland Residences in Wuhan and The Aperture in Hong Kong is targeted for handover to buyers in the first half of 2024, at which time the pre-sale revenue will be recognized.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED DECEMBER 31, 2023 (AUDITED)**

	Note			<i>For information purpose only</i>	
		2023 HK\$ Million	2022 HK\$ Million	2023 RMB Million	2022 RMB Million
Revenue	2(a)	10,316	10,347	9,295	8,871
Direct costs and operating expenses		(2,927)	(3,094)	(2,638)	(2,651)
		7,389	7,253	6,657	6,220
Other net income	3	24	17	21	15
Administrative expenses		(651)	(650)	(589)	(560)
Profit from operations before changes in fair value of properties		6,762	6,620	6,089	5,675
Decrease in fair value of properties		(9)	(345)	(9)	(299)
Profit from operations after changes in fair value of properties		6,753	6,275	6,080	5,376
Interest income		71	63	65	53
Finance costs		(692)	(512)	(628)	(440)
Net interest expense	4	(621)	(449)	(563)	(387)
Share of profits of joint ventures		36	24	32	20
Profit before taxation	5	6,168	5,850	5,549	5,009
Taxation	6	(1,572)	(1,453)	(1,416)	(1,249)
Profit for the year	2(b)	4,596	4,397	4,133	3,760
Attributable to:					
Shareholders		3,970	3,836	3,570	3,281
Non-controlling interests		626	561	563	479
Profit for the year		4,596	4,397	4,133	3,760
Earnings per share	8(a)				
Basic		HK\$0.88	HK\$0.85	RMB0.79	RMB0.73
Diluted		HK\$0.88	HK\$0.85	RMB0.79	RMB0.73

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023 (AUDITED)**

	2023 HK\$ Million	2022 HK\$ Million	<i>For information purpose only</i>	
			2023 RMB Million	2022 RMB Million
Profit for the year	4,596	4,397	4,133	3,760
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in exchange reserve:				
Exchange difference arising from translation to presentation currency	(1,596)	(9,779)	546	2,929
(Loss)/gain on net investment hedge	(9)	9	(8)	7
Movement in hedging reserve:				
Effective portion of changes in fair value	2	121	2	102
Net amount transferred to profit or loss	(86)	(42)	(78)	(37)
Deferred tax	11	(12)	10	(10)
Item that will not be reclassified to profit or loss:				
Net change in fair value of equity investments	(1)	(1)	(1)	(1)
Other comprehensive income for the year, net of tax	(1,679)	(9,704)	471	2,990
Total comprehensive income for the year	2,917	(5,307)	4,604	6,750
Attributable to:				
Shareholders	2,453	(4,917)	4,051	6,296
Non-controlling interests	464	(390)	553	454
Total comprehensive income for the year	2,917	(5,307)	4,604	6,750

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AT DECEMBER 31, 2023 (AUDITED)**

	Note	2023	2022	<i>For information purpose only</i>	
		HK\$ Million	HK\$ Million	2023 RMB Million	2022 RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	9	169,046	167,861	153,511	150,043
Investment properties under development	9	23,610	22,703	21,398	20,283
Other property, plant and equipment		331	320	300	286
		192,987	190,884	175,209	170,612
Interests in joint ventures		1,116	1,130	1,017	1,011
Other assets		76	77	68	69
Deferred tax assets		142	140	129	125
		194,321	192,231	176,423	171,817
Current assets					
Cash and deposits with banks		5,352	5,229	4,868	4,677
Trade and other receivables	10	3,406	3,560	3,093	3,182
Properties for sale		14,223	11,668	12,929	10,433
		22,981	20,457	20,890	18,292
Current liabilities					
Bank loans and other borrowings		4,434	4,533	4,030	4,053
Trade and other payables	11	10,216	9,829	9,275	8,785
Lease liabilities		30	27	27	24
Current tax payable		457	434	415	388
		15,137	14,823	13,747	13,250
Net current assets		7,844	5,634	7,143	5,042
Total assets less current liabilities		202,165	197,865	183,566	176,859
Non-current liabilities					
Bank loans and other borrowings		46,270	40,991	42,110	36,666
Lease liabilities		248	266	225	238
Deferred tax liabilities		13,524	13,462	12,259	12,026
		60,042	54,719	54,594	48,930
NET ASSETS		142,123	143,146	128,972	127,929
Capital and reserves					
Share capital		39,950	39,950	37,462	37,462
Reserves		92,458	93,431	82,707	81,745
Shareholders' equity		132,408	133,381	120,169	119,207
Non-controlling interests		9,715	9,765	8,803	8,722
TOTAL EQUITY		142,123	143,146	128,972	127,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial information relating to the years ended December 31, 2023 and 2022 included in this announcement of annual results does not constitute the statutory annual consolidated financial statements of Hang Lung Properties Limited (the “Company”) and its subsidiaries (collectively the “Group”) for those years but is derived from those consolidated financial statements in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622). The Company has delivered the consolidated financial statements for the year ended December 31, 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended December 31, 2023 in due course. The Company’s auditor has reported on the consolidated financial statements for both years. The auditor’s reports were unqualified and they did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

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

1. BASIS OF PREPARATION (Continued)

The material accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2022.

The presentation currency of these consolidated financial statements is Hong Kong dollar. In view of the Group's significant business operations in mainland China, management has included additional financial information prepared in Renminbi in the consolidated financial statements. Such supplementary information is prepared on the same basis as 2022 as if the presentation currency is Renminbi.

2. REVENUE AND SEGMENT INFORMATION

The Group manages businesses according to the nature of services and products provided. Management has determined property leasing and property sales to be the reportable operating segments for the measurement of performance and the allocation of resources.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interests in joint ventures, other assets, deferred tax assets and cash and deposits with banks.

(a) Disaggregation of revenue

Revenue for the year is analyzed as follows:

HK\$ Million	2023	2022
Under the scope of HKFRS 16, Leases:		
Rental income	8,997	8,783
Under the scope of HKFRS 15, Revenue from contracts with customers:		
Sales of completed properties	-	316
Building management fees and other income from property leasing	1,319	1,248
	1,319	1,564
	10,316	10,347

2. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Revenue and results by segments

HK\$ Million	2023			2022		
	Property Leasing	Property Sales	Total	Property Leasing	Property Sales	Total
Revenue						
- Mainland China	6,967	-	6,967	6,752	-	6,752
- Hong Kong	3,349	-	3,349	3,279	316	3,595
	10,316	-	10,316	10,031	316	10,347
Profit/(loss) from operations before changes in fair value of properties						
- Mainland China	4,338	(44)	4,294	4,147	(51)	4,096
- Hong Kong	2,465	3	2,468	2,386	138	2,524
	6,803	(41)	6,762	6,533	87	6,620
(Decrease)/increase in fair value of properties	(9)	-	(9)	(345)	-	(345)
- Mainland China	295	-	295	(117)	-	(117)
- Hong Kong	(304)	-	(304)	(228)	-	(228)
Net interest expense	(621)	-	(621)	(449)	-	(449)
- Interest income	71	-	71	63	-	63
- Finance costs	(692)	-	(692)	(512)	-	(512)
Share of profits of joint ventures	36	-	36	24	-	24
Profit/(loss) before taxation	6,209	(41)	6,168	5,763	87	5,850
Taxation	(1,573)	1	(1,572)	(1,430)	(23)	(1,453)
Profit/(loss) for the year	4,636	(40)	4,596	4,333	64	4,397
Net profit/(loss) attributable to shareholders	4,010	(40)	3,970	3,772	64	3,836

2. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Total segment assets

HK\$ Million	2023			2022		
	Property Leasing	Property Sales	Total	Property Leasing	Property Sales	Total
Mainland China	132,919	6,447	139,366	131,472	5,494	136,966
Hong Kong	62,516	8,734	71,250	62,766	6,380	69,146
	195,435	15,181	210,616	194,238	11,874	206,112
Interests in joint ventures			1,116			1,130
Other assets			76			77
Deferred tax assets			142			140
Cash and deposits with banks			5,352			5,229
			217,302			212,688

3. OTHER NET INCOME

HK\$ Million	2023	2022
Government grants	5	11
Gain on disposal of investment properties	11	-
Dividend income from equity investments measured at fair value changes in other comprehensive income	2	-
Others	6	6
	24	17

4. NET INTEREST EXPENSE

HK\$ Million	2023	2022
Interest income on bank deposits	71	63
Interest expense on bank loans and other borrowings	1,862	1,424
Interest on lease liabilities	14	15
Other borrowing costs	83	73
Total borrowing costs	1,959	1,512
Less: Borrowing costs capitalized	(1,267)	(1,000)
Finance costs	692	512
Net interest expense	(621)	(449)

5. PROFIT BEFORE TAXATION

HK\$ Million	2023	2022
Profit before taxation is arrived at after charging:		
Cost of properties sold	-	135
Staff costs (Note)	1,523	1,548
Depreciation	88	78

Note: The staff costs included employee share-based payments of HK\$83 million (2022: HK\$88 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK\$1,856 million (2022: HK\$1,855 million).

6. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. Mainland China Income Tax represents mainland China Corporate Income Tax calculated at 25% (2022: 25%) and mainland China withholding income tax calculated at the applicable rates. The withholding tax rate applicable to Hong Kong companies in respect of dividend distributions from foreign investment enterprises in mainland China was 5% (2022: 5%).

HK\$ Million	2023	2022
Current tax		
Hong Kong Profits Tax	288	351
Under/(over)-provision in prior years	5	(2)
	293	349
Mainland China Income Tax	1,026	986
Total current tax	1,319	1,335
Deferred tax		
Changes in fair value of properties	103	20
Other origination and reversal of temporary differences	150	98
Total deferred tax	253	118
Total income tax expense	1,572	1,453

7. DIVIDENDS

(a) Dividends attributable to the year

HK\$ Million	2023	2022
Interim dividend declared and paid of HK18 cents (2022: HK18 cents) per share	810	810
Final dividend of HK60 cents (2022: HK60 cents) per share proposed after the end of the reporting period	2,699	2,699
	3,509	3,509

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

The Board of Directors proposes that eligible shareholders be given the option to elect to receive the final dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is conditional upon: (1) the granting of a general mandate by the shareholders of the Company to the Board of Directors to allot, issue and deal with such additional shares of the Company representing 20% of the number of shares in issue on the date of passing such resolution at the Annual General Meeting to be held on April 26, 2024 (the "AGM"); (2) the approval of the proposed final dividend at the AGM; and (3) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

- (b) The final dividend of HK\$2,699 million (calculated based on HK60 cents per share and the total number of issued shares as of the dividend pay-out date) for the year ended December 31, 2022 were approved and paid in the year ended December 31, 2023 (2022: HK\$2,699 million).

8. EARNINGS PER SHARE

- (a) The calculation of basic and diluted earnings per share is based on the following data:

HK\$ Million	2023	2022
Net profit attributable to shareholders	3,970	3,836

8. EARNINGS PER SHARE (Continued)

	Number of shares	
	2023	2022
Weighted average number of shares used in calculating basic and diluted earnings per share (Note)	4,499,260,670	4,499,260,670

Note: Diluted earnings per share was the same as the basic earnings per share for the years as there were no dilutive potential ordinary shares in existence during both years.

- (b) The underlying net profit attributable to shareholders, which excluded changes in fair value of properties net of related income tax and non-controlling interests, is calculated as follows:

HK\$ Million	2023	2022
Net profit attributable to shareholders	3,970	3,836
Effect of changes in fair value of properties	9	345
Effect of income tax for changes in fair value of properties	103	20
Effect of changes in fair value of investment properties of joint ventures	4	14
	116	379
Non-controlling interests	51	(16)
	167	363
Underlying net profit attributable to shareholders	4,137	4,199

The earnings per share based on underlying net profit attributable to shareholders was:

	2023	2022
Basic	HK\$0.92	HK\$0.93
Diluted	HK\$0.92	HK\$0.93

9. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

(a) Additions

During the year, additions to investment properties and investment properties under development amounted to HK\$3,613 million (2022: HK\$2,884 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of December 31, 2023 by Savills Valuation and Professional Services Limited, an independent qualified valuer, on a market value basis.

10. TRADE AND OTHER RECEIVABLES

(a) Included in trade and other receivables are trade receivables (based on the due date) with the following aging analysis:

HK\$ Million	2023	2022
Not past due or less than 1 month past due	138	116
1 – 3 months past due	9	27
More than 3 months past due	1	4
	148	147

(b) The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk.

Provision for expected credit losses was assessed and adequately made on a tenant-by-tenant basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding balances.

(c) Included in "other receivables" of the Group is a deposit of land acquisition in mainland China of HK\$276 million (2022: HK\$280 million).

11. TRADE AND OTHER PAYABLES

(a) Included in trade and other payables are trade creditors with the following aging analysis:

HK\$ Million	2023	2022
Due within 3 months	2,053	1,318
Due after 3 months	2,289	2,726
	4,342	4,044

(b) Included in trade and other payables is an amount of HK\$601 million (2022: HK\$601 million) due to a fellow subsidiary, which is the joint developer of a project in which the Group and the fellow subsidiary hold respective interests of 66.67% and 33.33%. The amount represents the contribution by the fellow subsidiary in proportion to its interest to finance the project, and is unsecured, non-interest bearing and has no fixed terms of repayment.

OTHER INFORMATION

Employees

As of December 31, 2023, the number of employees was 4,126 (comprising 968 Hong Kong employees and 3,158 mainland China employees). The total employee costs for the year ended December 31, 2023, amounted to HK\$1,856 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Company also has a share option scheme and provides professional and high-quality training for employees.

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

Compliance with Corporate Governance Code

During the year, the Company complied with the code provisions set out in the Corporate Governance Code as stated in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Audit Committee

The annual results for the year ended December 31, 2023, have been reviewed by the Audit Committee of the Company. Hang Lung Properties' consolidated financial statements have been audited by the Company's auditor, KPMG, and it has issued an unmodified opinion.

Book Close Dates

For ascertaining shareholders' right to attend and vote at the Annual General Meeting (AGM)

Book close dates (both days inclusive)	April 23 to 26, 2024
Latest time to lodge transfers	4:30 pm on April 22, 2024
Record date	April 26, 2024
AGM	April 26, 2024

For ascertaining shareholders' entitlement to the proposed final dividend

Book close date	May 10, 2024
Latest time to lodge transfers	4:30 pm on May 9, 2024
Record date	May 10, 2024
Final dividend payment date	June 14, 2024

On Behalf of the Board

Ronnie C. Chan

Chair

Hong Kong, January 30, 2024

As of the date of this announcement, the Board comprises:

Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO and Mr. Kenneth K.K. CHIU

Independent Non-Executive Directors: Mr. Nelson W.L. YUEN, Mr. Dominic C.F. HO, Mr. Philip N.L. CHEN,

Dr. Andrew K.C. CHAN and Ms. Anita Y.M. FUNG

GLOSSARY

Financial Terms

Finance costs: Total of interest expense on total borrowings and other borrowing costs, net of amount capitalized

Total borrowings: Total of bank loans and other borrowings, net of unamortized other borrowing costs

Net debt: Total borrowings net of cash and deposits with banks

Net profit attributable to shareholders: Profit for the year (after tax) less amounts attributable to non-controlling interests

Underlying net profit attributable to shareholders: Net profit attributable to shareholders excluding changes in fair value of properties net of related income tax and non-controlling interests

Financial Ratios

Basic earnings per share	=	$\frac{\text{Net profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$	Debt to equity	=	$\frac{\text{Total borrowings}}{\text{Total equity}}$
Net assets attributable to shareholders per share	=	$\frac{\text{Shareholders' equity}}{\text{Weighted average number of shares in issue during the year}}$	Net debt to equity	=	$\frac{\text{Net debt}}{\text{Total equity}}$
Interest cover	=	$\frac{\text{Profit from operations before changes in fair value of properties}}{\text{Finance costs before capitalization less interest income}}$	Payout ratio	=	$\frac{\text{Dividends attributable to the year}}{\text{Net profit attributable to shareholders}}$