



Sun Hung Kai Properties Limited

Customer Focus  
Premium Brand  
Solid Foundations



Annual Report 2023/24

Stock Codes : 16 (HKD counter) and 80016 (RMB counter)



1. ITC in Xujiahui, Shanghai
2. Shanghai IFC in Lujiazui, Shanghai
3. Cullinan Harbour in Kai Tak, Hong Kong
4. ICC in West Kowloon, Hong Kong
5. Two IFC in Central, Hong Kong
6. High Speed Rail West Kowloon Terminus Development, Hong Kong

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# 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

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## 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  
Lo King-wai

### *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*

# Corporate Information and Information for Shareholders

## 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  
Wan Chai  
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  
Industrial and Commercial Bank of China  
(Asia) Limited  
Agricultural Bank of China Limited  
DBS Bank Ltd.  
Bank of Communications (Hong Kong) Limited  
Oversea-Chinese Banking Corporation Limited  
MUFG Bank, Ltd  
Hang Seng Bank Limited  
China Construction Bank (Asia) Corporation Limited

## Information for Shareholders

### Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and are traded over the counter in the United States in the form of American Depositary Receipts ("ADR").

### Stock Code

Stock Exchange : 16 (HKD counter) and  
80016 (RMB counter)  
Bloomberg : 16 HK Equity (HKD counter) and  
80016 HK Equity (RMB counter)  
Reuters : 0016.HK (HKD counter) and  
80016.HK (RMB counter)  
Trading Symbol for ADR : SUHJY  
CUSIP : 86676H302

### Investor Relations Contact

Telephone : (852) 3766 5787  
Facsimile : (852) 2116 0597  
E-mail : ir@shkp.com

### Financial Calendar for 2023/24

Interim results announcement : 28 February 2024  
Interim dividend paid : 20 March 2024  
Annual results announcement : 5 September 2024  
Closure of register of members<sup>1</sup> : 4 to 7 November 2024  
(both days inclusive)  
Record date<sup>1</sup> : 7 November 2024  
Annual general meeting : 7 November 2024  
Ex-dividend date for final dividend : 11 November 2024  
Closure of register of members  
and record date<sup>2</sup> : 13 November 2024  
Final dividend payable : 21 November 2024

#### Notes:

- <sup>1</sup> For ascertaining shareholders' entitlement to attend and vote at the annual general meeting
- <sup>2</sup> For ascertaining shareholders' entitlement to the proposed final dividend

## Choice of Language or Means of Receipt of Corporate Communications

This annual 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 printed copies of this annual report in English or in Chinese, wish to receive the same in the other language; or (ii) shareholders, who have received or chosen to receive or are deemed to have consented to receive this annual report by electronic means, wish to receive printed copies; or (iii) shareholders for any reason have difficulty in receiving or gaining access to this annual 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, Wan Chai, 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 Reply Form.

# Financial Highlights and Land Bank

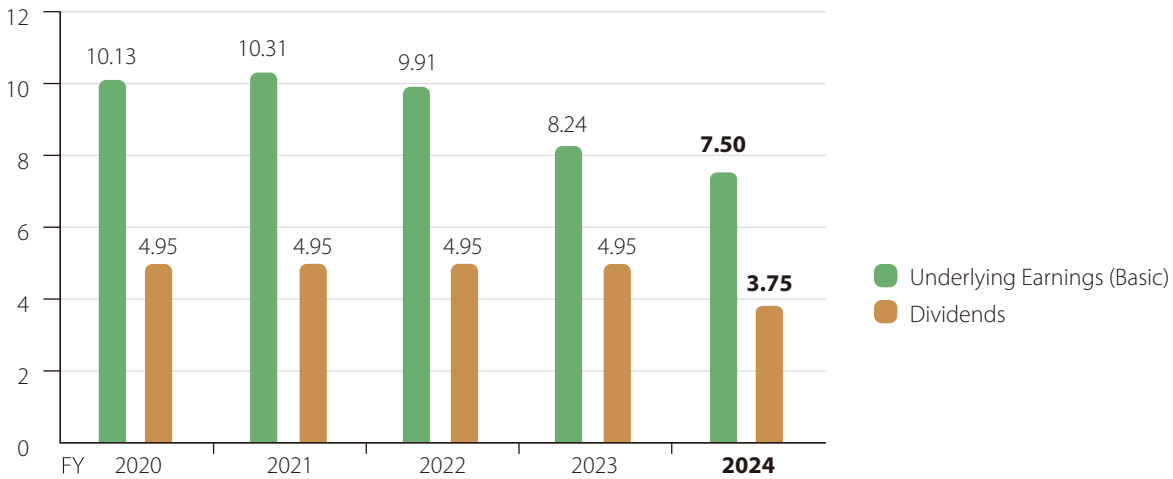
For the year ended 30 June	2024	2023	Change (%)
<b>Financial Highlights (HK\$ million)</b>			
Group revenue	<b>71,506</b>	71,195	+0.4
Profit attributable to the Company's shareholders			
– Reported	<b>19,046</b>	23,907	-20.3
– Underlying <sup>1</sup>	<b>21,739</b>	23,885	-9.0
Gross rental income <sup>2</sup>	<b>24,991</b>	24,322	+2.8
Net rental income <sup>2</sup>	<b>19,000</b>	18,461	+2.9
<b>Financial Ratios (%)</b>			
Net debt to shareholders' equity	<b>18.3</b>	18.2	+0.1 <sup>4</sup>
Dividend payout <sup>3</sup>	<b>50.0</b>	60.1	-10.1 <sup>4</sup>
<b>Financial Information per Share (HK\$)</b>			
Basic earnings per share for profit attributable to the Company's shareholders			
– Reported	<b>6.57</b>	8.25	-20.3
– Underlying	<b>7.50</b>	8.24	-9.0
Dividends			
– Interim dividend	<b>0.95</b>	1.25	-24.0
– Final dividend	<b>2.80</b>	3.70	-24.3
– Full-year dividend	<b>3.75</b>	4.95	-24.2
Shareholders' equity	<b>209.40</b>	207.80	+0.8
<b>Land Bank in Hong Kong (gross floor area in million square feet)</b>			
Properties under development	<b>19.6</b>	21.6	-9.3
Completed properties <sup>5</sup>	<b>38.2</b>	36.4	+4.9
Total	<b>57.8</b>	58.0	-0.3
<b>Land Bank on the Mainland (gross floor area in million square feet)</b>			
Properties under development	<b>45.7</b>	47.1	-3.0
Completed properties <sup>5</sup>	<b>21.0</b>	20.4	+2.9
Total	<b>66.7</b>	67.5	-1.2

Notes:

- Underlying profit attributable to the Company's shareholders excluded the net effect of change in the valuation of investment properties
- Including contributions from associates and joint ventures
- Dividend payout based upon underlying profit
- Change in percentage points
- The Group has a 50% stake in a premium 950,000-square-foot shopping mall in Singapore in addition to property holdings in Hong Kong and on the mainland

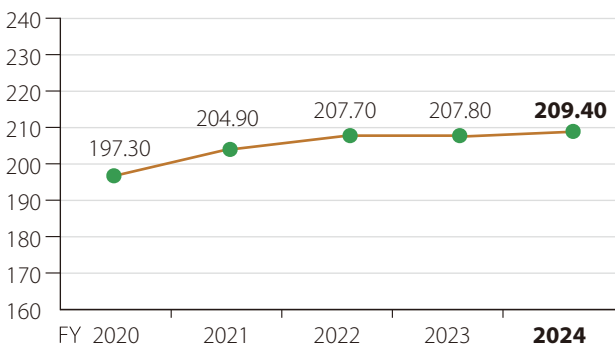
## Underlying Earnings and Dividends per Share

HK\$



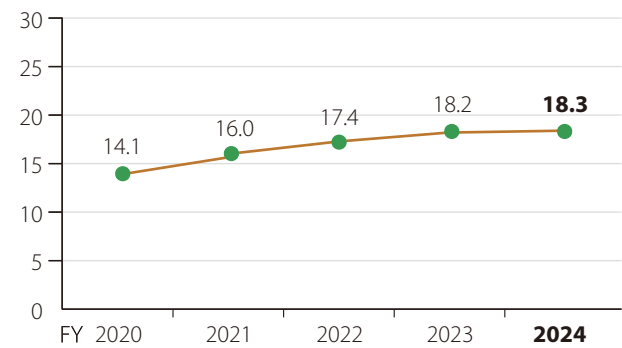
## Shareholders' Equity per Share

HK\$



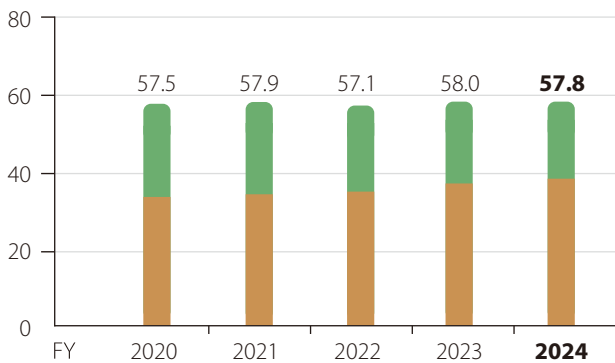
## Net Debt to Shareholders' Equity Ratio

%



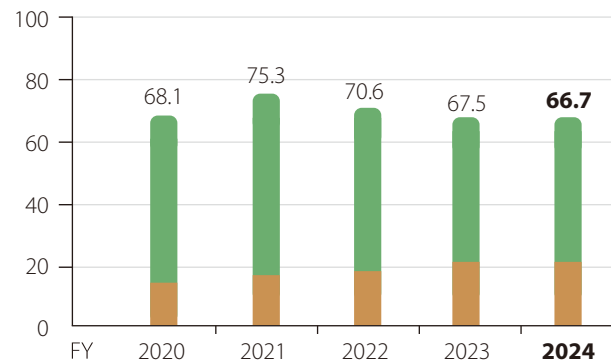
## Land Bank in Hong Kong

million square feet



## Land Bank on the Mainland

million square feet



● Properties Under Development
 ● Completed Properties

# Five-Year Financial Summary

	2024 HK\$M	2023 HK\$M	2022 HK\$M	2021 HK\$M	2020 HK\$M
<b>Consolidated Income Statement</b>					
<i>For the year ended 30 June</i>					
Group revenue	<b>71,506</b>	71,195	77,747	85,262	82,653
Segment revenue (including share of joint ventures and associates)	<b>83,636</b>	83,381	88,340	97,130	93,024
Segment operating profit (including share of joint ventures and associates)	<b>32,359</b>	34,689	39,010	44,176	40,781
Underlying profit attributable to the Company's shareholders <sup>1</sup>	<b>21,739</b>	23,885	28,729	29,873	29,368
Net effect of change in fair value of investment properties	<b>(2,693)</b>	22	(3,169)	(3,187)	(5,847)
Profit attributable to the Company's shareholders	<b>19,046</b>	23,907	25,560	26,686	23,521
Dividends attributable to the Company's shareholders	<b>10,867</b>	14,344	14,344	14,344	14,344
<b>Key Segment Revenue and Operating Profit (including share of joint ventures and associates)</b>					
<i>For the year ended 30 June</i>					
Segment Revenue					
– Property sales	<b>27,422</b>	29,116	35,403	46,017	41,264
– Property rental	<b>24,991</b>	24,322	24,810	24,791	24,214
– Other businesses	<b>31,223</b>	29,943	28,127	26,322	27,546
	<b>83,636</b>	83,381	88,340	97,130	93,024
Segment operating profit					
– Property sales	<b>7,850</b>	11,299	15,847	20,994	18,377
– Property rental	<b>19,000</b>	18,461	19,250	19,149	18,565
– Other businesses	<b>5,509</b>	4,929	3,913	4,033	3,839
	<b>32,359</b>	34,689	39,010	44,176	40,781
<b>Consolidated Statement of Financial Position</b>					
<i>As at 30 June</i>					
Investment properties	<b>408,424</b>	403,559	398,729	395,879	380,717
Property, plant and equipment	<b>50,190</b>	47,168	44,955	42,921	40,825
Associates and joint ventures	<b>101,055</b>	101,354	101,392	101,481	78,782
Other non-current assets	<b>9,762</b>	11,127	12,841	13,305	13,845
Properties for sale	<b>214,077</b>	211,639	207,136	200,934	196,153
Bank deposits and cash	<b>16,221</b>	15,280	20,323	21,781	31,705
Assets of subsidiaries contracted for sale	<b>–</b>	–	–	–	37,584
Other current assets	<b>18,365</b>	15,864	22,191	20,118	18,220
Total assets	<b>818,094</b>	805,991	807,567	796,419	797,831
Bank and other borrowings	<b>(127,087)</b>	(125,053)	(124,931)	(116,823)	(112,606)
Other liabilities	<b>(79,936)</b>	(74,142)	(75,892)	(79,970)	(94,810)
Net assets	<b>611,071</b>	606,796	606,744	599,626	590,415
Share capital	<b>70,703</b>	70,703	70,703	70,703	70,703
Reserves	<b>536,014</b>	531,352	531,243	523,117	501,110
Shareholders' equity	<b>606,717</b>	602,055	601,946	593,820	571,813
Perpetual capital securities	<b>–</b>	–	–	–	3,813
Non-controlling interests	<b>4,354</b>	4,741	4,798	5,806	14,789
Total equity	<b>611,071</b>	606,796	606,744	599,626	590,415
Net debt	<b>110,866</b>	109,773	104,608	95,042	80,901
<b>Key Financial Information and Ratios</b>					
	<b>HK\$</b>	HK\$	HK\$	HK\$	HK\$
Per share data					
Reported earnings per share (basic)	<b>6.57</b>	8.25	8.82	9.21	8.12
Underlying earnings per share (basic)	<b>7.50</b>	8.24	9.91	10.31	10.13
Dividends per share	<b>3.75</b>	4.95	4.95	4.95	4.95
Shareholders' equity per share	<b>209.40</b>	207.80	207.70	204.90	197.30
Financial ratios					
Net debt to shareholders' equity (%)	<b>18.3</b>	18.2	17.4	16.0	14.1
Interest cover (times)	<b>4.6</b>	6.8	12.8	13.8	11.8
Dividend payout (%) <sup>2</sup>	<b>50.0</b>	60.1	49.9	48.0	48.9

Notes:

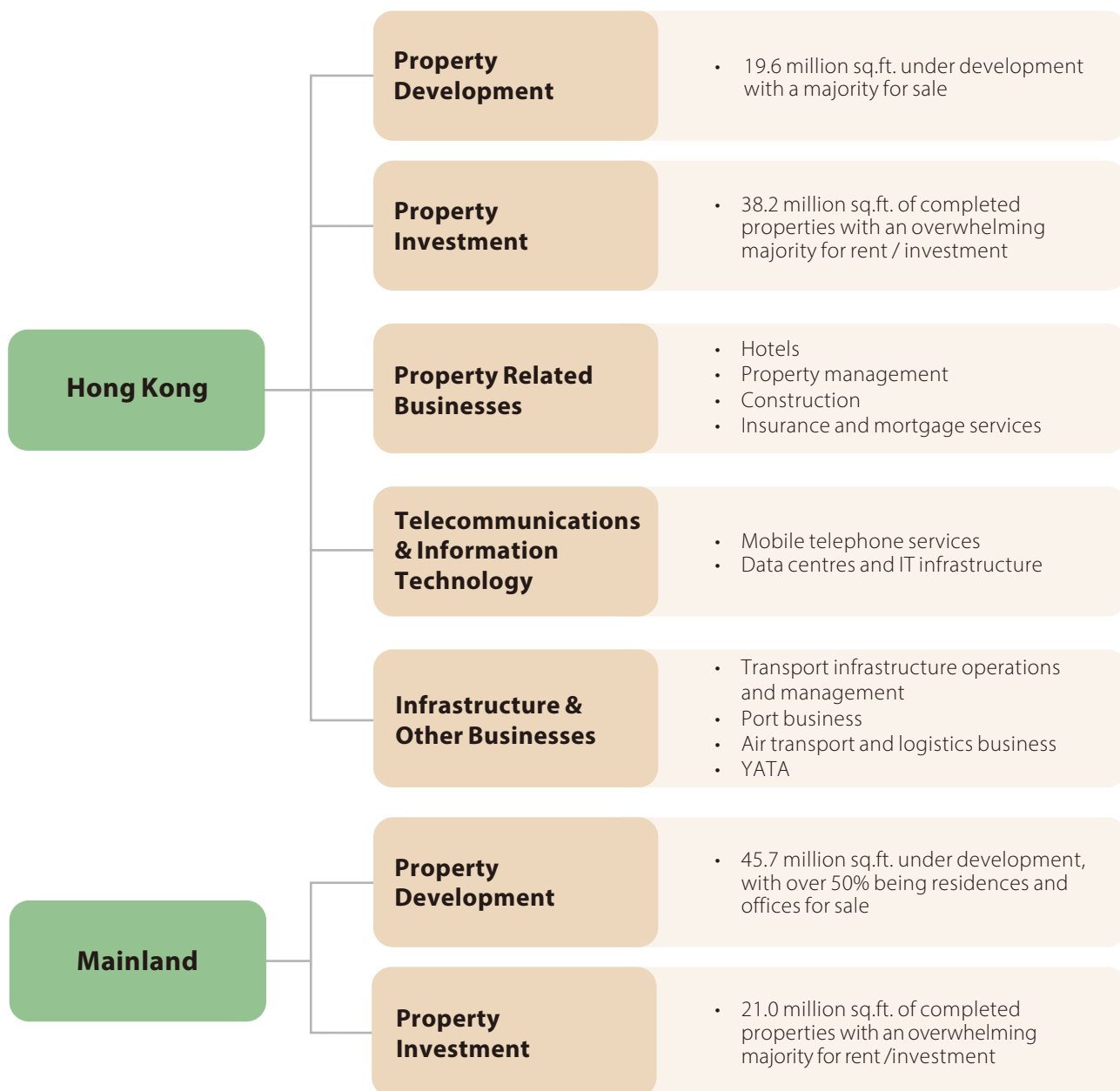
- Underlying profit attributable to the Company's shareholders excluded the net effect of change in the valuation of investment properties
- Dividend payout based on underlying profit



# Business Structure

## Sun Hung Kai Properties

As at 30 June 2024



The Group's principal subsidiaries, joint ventures and associates are listed from page 220 to page 228

# 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 year ended 30 June 2024, excluding the effect of fair-value changes on investment properties, amounted to HK\$21,739 million, compared to HK\$23,885 million last year. Underlying earnings per share were HK\$7.50, compared to HK\$8.24 last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK\$19,046 million and HK\$6.57 respectively, compared to HK\$23,907 million and HK\$8.25 last year. The reported profit included a decrease in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$2,412 million, compared to an increase of HK\$221 million last year.

## DIVIDEND

The directors have recommended the payment of a final dividend of HK\$2.80 per share for the year ended 30 June 2024. The dividend will be payable on 21 November 2024. Together

with the interim dividend of HK\$0.95 per share, the dividend for the full year will be HK\$3.75 per share, a decrease of 24% from last year.

## BUSINESS REVIEW

### *Development Profit and Rental Income*

#### **Development Profit**

For the year under review, profit generated from property sales totalled HK\$7,850 million, as compared to HK\$11,299 million in the previous financial year. Contracted sales reached about HK\$37,500 million in attributable terms.

#### **Rental Income**

During the year, the Group's gross rental income, including contributions from joint ventures and associates, increased by 3% year-on-year to HK\$24,991 million, and net rental income rose by 3% year-on-year to HK\$19,000 million. The increase in rental income derived from the retail and serviced apartment portfolios offset the decrease in the office portfolio.



○ University Hill, Tai Po, Hong Kong

## Property Business – Hong Kong

### Land Bank

During the year, the Group added three residential sites with a total gross floor area of about 1.5 million square feet to its land bank through lease modifications. These included a site in Heung Fan Liu, Sha Tin added in the second half of the financial

year. Nestled amid lush greenery near the Shing Mun River, the site will be developed into a residential development consisting of around 521,000 square feet of gross floor area. Scheduled for completion in 2030 or beyond, the project will offer about 1,200 quality units, the majority of which will be of small-to-medium sizes. Details of the additions are shown in the table below.

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Lot No. 1696 in DD 115, Tung Shing Lei, Yuen Long	Residential/Shops	100	776,000
Sha Tin Town Lot No. 537, Heung Fan Liu, Sha Tin	Residential	100	521,000
Lot No. 1071 in DD 103, Kam Tin, Yuen Long	Residential	100	251,000
<b>Total</b>			<b>1,548,000</b>

As at 30 June 2024, the Group's attributable land bank in Hong Kong amounted to about 57.8 million square feet. Of these, about 38.2 million square feet were diversified completed properties, an overwhelming majority of which were for rental and long-term investment purposes, contributing to the Group's substantial recurring income. Of the remaining portions, about 13.3 million square feet were residential properties under development for sale. These developments are expected to be completed in phases over the next six to seven years.

During the year under review, some 1.5 million square feet of the Group's land lots in Kwu Tung North/Fanling North New Development Area were resumed by the HKSAR Government. The Group is expected to receive cash compensation of approximately HK\$1,900 million from the Government, and the corresponding gains have been recognized in financial year 2023/24. Another batch of land lots with a total site area of about 2.5 million square feet in Hung Shui Kiu/Ha Tsuen New Development Area will be resumed, for which compensation of approximately HK\$2,700 million will be recognized in financial year 2024/25.

Following the end of the financial year, the Group acquired a residential site near MTR City One Station, Sha Tin in July 2024. The site will be developed into a boutique residential development comprising a total gross floor area of 157,000 square feet, providing mainly small- and medium-sized units to meet end-user demand in a mature community with well-established amenities. The Group also recently settled the

premium for a land exchange in Fanling North. Covering a total gross floor area of about 308,000 square feet, the site will be developed into a residential-cum-retail project. The Group, as always, will adhere to its prudent financial discipline in land bank replenishment.

### Property Development

The residential market in Hong Kong became active following the withdrawal of property cooling measures in February 2024, but has softened in recent months due to the prevailing high interest rate environment. Nevertheless, home rental continued to pick up, supported by an influx of talent and students into the city.



○ The YOHO Hub II, Yuen Long, Hong Kong

## Chairman's Statement



○ NOVO LAND, Tuen Mun, Hong Kong

During the year under review, the Group recorded contracted sales of about HK\$25,600 million in attributable terms in Hong Kong. Major contributors included YOHO WEST Phase 1 in Tin Shui Wai, The YOHO Hub II in Yuen Long, Cullinan Harbour Phase 1 in Kai Tak and NOVO LAND Phases 2A and 3B in Tuen Mun. The remaining units from various completed projects such as Dynasty Court in Mid-levels Central, Crown of St. Barths in Ma On Shan and Ultima in Ho Man Tin continued to receive positive market response and contribute to the Group's contracted sales.

Embracing the Building Homes with Heart philosophy, the Group has always put customers first and placed strong emphasis on offering quality products and property management that satisfy customers' needs. The Group's unique vertically integrated development model underpins its ability in keeping high quality standards for both products and services. The Group, through the SHKP Club, continues to maintain effective two-way communication with customers, allowing the Group to keep tabs on latest market trends and understand consumer preferences. The Group has made dedicated efforts to enhance its offerings for maintaining its competitiveness and brand reputation. The Group's residential project in Sai Sha, with designs blending the development with nature, boasts comprehensive sports facilities and good transport links. This project is the latest example of the Group's response to rising aspirations for smart homes, wellness, and green living.

A total of six projects in Hong Kong comprising about 3.5 million square feet of attributable gross floor area were ready for handover during the year. Of these, about 2.5 million square feet of gross floor area were residential properties for sale. The remaining 942,000 square feet were non-residential properties retained for long-term investment. Project details are shown in the table below.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
NOVO LAND Phases 2A & 2B	8 Yan Po Road, Tuen Mun	Residential/Shops	100	931,000
Silicon Hill/University Hill	63 Yau King Lane, Tai Po	Residential/Shops	100	923,000
The YOHO Hub II/YOHO MIX	1 Long Lok Road, Yuen Long	Residential/ Shopping Centre	JV	734,000
MEGA IDC Phase 1	297 Wan Po Road, Tseung Kwan O	Data Centre	74	390,000
TOWNPLACE WEST KOWLOON	10 Lai Ying Street, West Kowloon	Hotel	100	374,000
Grand Jeté Phase 1	170 Castle Peak Road, Tai Lam, Tuen Mun	Residential	59.1	101,000
<b>Total</b>				<b>3,453,000</b>

As at 30 June 2024, the Group's contracted sales in Hong Kong yet to be recognized amounted to about HK\$24,900 million, of which about HK\$19,600 million is expected to be recognized in

financial year 2024/25. Most of the related sale proceeds will be received when the respective units are delivered.



○ Dino Park, New Town Plaza, Sha Tin, Hong Kong

### Property Investment

During the year, the Group's well-diversified property investment portfolio, including contributions from joint ventures and associates, remained resilient and registered a modest increase in gross rental income of 1% year-on-year to HK\$17,942 million. With distinguished building quality, strategic locations and the Group's proactive leasing approach, the portfolio achieved satisfactory overall occupancy.

Among its retail portfolio of over 12 million square feet, a majority are flagship or regional shopping malls located along railway lines with mature transportation networks and are well-connected to the surrounding residences or facilities by covered footbridges. Thanks to the recovery of inbound tourism, albeit slower-than-expected, and dedicated efforts of its professional leasing and management teams, the Group's retail portfolio registered a moderate increase in rental income during the year with a relatively stable occupancy of about 94%. Nevertheless, the strength of the Hong Kong dollar and the changing spending patterns of locals and tourists continued to pose challenges to the retail industry, in particular starting from early 2024.

In view of keen competition in the market, the Group is committed to strengthening the competitive edge of its malls through a multi-pronged approach. Apart from ongoing tenant-mix refinement, including incorporating new concepts that are

more compatible with customers' changing preferences, the Group reconfigured the store layout of selected malls to accommodate these changes. Popular brands and restaurants from the mainland and overseas, some of which are new to Hong Kong, have been introduced to bring novelty to customers.

In addition, the Group has gone beyond partnerships with its business units and tenants to collaborate with market players from different sectors in launching promotional programmes and offering exclusive privileges. For example, prior to and during the Paris 2024 Olympic Games this summer, many of the Group's malls organized a series of sports-related activities on top of live broadcasts of the games to cheer for the athletes and created an enjoyable atmosphere for all. Campaigns were organized in conjunction with mega events year-round to drive footfall and stimulate spending in malls across different districts, in alignment with the Government's vision of 'Tourism is everywhere in Hong Kong'.

The Group continues to invest in upgrading both its properties and service quality. To provide more immersive experiences for both shoppers and their pets, the Group has added pet- and family-friendly facilities in the outdoor areas of its malls. As a flagship mall in Hong Kong, New Town Plaza in Sha Tin is undergoing a revamp of its facade. To dedicate additional event space for leisure and live performances, part of the open space on the third floor of the mall will be reconfigured into Chill Park, the enhancement work of which is expected to be completed in late 2024.



○ TOWNPLACE WEST KOWLOON, Hong Kong

## Chairman's Statement

The Point, the integrated loyalty programme for malls, continues to expand its customer base and bring in new functions for enhancing shoppers' experience. Following the gradual recovery of inbound tourism, The Point leveraged the Group's hotel footprints and extensive retail network to strengthen its membership recruitment efforts. The new Instant Point Earn function, allowing members to earn points immediately after purchases, has been extended to about 60% of the tenants in the Group's major malls since its launch in early 2024. Spending by loyal The Point members had proven to be resilient amid the challenging environment. On top of its Contactless Parking and EV Super Charging services, The Point recently offered its special members a selection of exclusive privileges, including extra bonus points and a soon-to-be-launched pre-booking function for EV charging service at the Group's malls to encourage repeat purchases.

The uncertain economic outlook remains a drag on office demand in Hong Kong. By differentiating itself through a diversified portfolio, high green-building standards that meet tenants' ESG goals, premium building quality and property

management services, in addition to its long-term relationship with tenants and its reputable brand, the Group's office portfolio reported an average occupancy of about 91% during the year.

Benefitting from the flight-to-quality trend, two landmark office towers, IFC and ICC, remained the most prominent office addresses for global financial institutions and MNCs. Both achieved an occupancy of over 90% during the year. The Group's other premium offices, including the Millennium City office cluster in Kowloon East, recorded a reasonable overall occupancy level of about 90%.

Rental contribution from newly completed investment properties further strengthened the Group's recurrent income base. Opened in October 2023, TOWNPLACE WEST KOWLOON offers hybrid short- and long-stay leasing options to tap the growing accommodation demand from young professionals and incoming talent. The clubhouse offers an array of amenities and exclusive social activities. This innovative model, together with the project's premium facilities and relaxing harbourfront environment, has drawn young talent and corporate clients.



○ YOHO MIX, Yuen Long, Hong Kong



○ High Speed Rail West Kowloon Terminus Development, Hong Kong

(Rendering)

Another addition is YOHO MIX adjoining MTR Yuen Long Station. Opened in June 2024, this 107,000-square-foot retail space has consolidated with the completed YOHO Mall to form a retail cluster of some 1.1 million square feet, the largest in northwest New Territories. The enlarged flagship mall draws locals and visitors with its more diverse offerings and unique pet events. The 500,000-square-foot shopping mall beneath The Millennity in Kwun Tong will see its first phase open in late 2024.

Over the next few years, the High Speed Rail West Kowloon Terminus Development will become a new contributor to the Group's recurring income base. Sitting atop the city's only High Speed Rail station, the project enjoys unrivalled transport connectivity, with easy access to the Airport Express and three other MTR lines as well as a walkway linking the thriving West Kowloon Cultural District (WKCD) and the neighbouring communities. Set to be one of the most sustainable and environmentally friendly buildings in the world upon its completion in 2026, the development comprises two sets of twin-block premium grade-A office towers and a retail podium underneath. The office portion, named as International Gateway Centre (IGC), has drawn a leading global financial institution as an anchor tenant. UBS has rented an entire block of about 460,000 square feet as its regional headquarters.

The High Speed Rail West Kowloon Terminus Development, together with the Artist Square Towers Project in WKCD under construction, will join the Group's two luxury hotels and the completed ICC in the vicinity to create a distinctive commercial cluster in Hong Kong upon their completions. With its superb location and transport connectivity, this cluster will function as a unique and green commercial hub in the Greater Bay Area (GBA), solidifying Hong Kong's status as a world-class wealth and asset management centre.

## Property Business – Mainland

### Land Bank

As at 30 June 2024, the Group held a total attributable land bank of 66.7 million square feet on the mainland. This included about 21.0 million square feet of completed properties, mostly located in major business hubs of first-tier and leading second-tier cities, an overwhelming majority of which were for rental and long-term investment purposes. The remaining 45.7 million square feet were properties under development, of which over 50% will be developed into quality units and office space for sale. The Group will focus on developing existing projects in phases in key mainland cities and delivering premium products to meet evolving customer needs.

# Chairman's Statement

## Property Development

The mainland residential market continued to consolidate during the year under review. To support stable and healthy growth in the real estate market, the Central Government has continued to roll out an array of measures including the removal of home purchase restrictions and the lowering of down-payment ratios and mortgage rates. Measures to expedite the destocking process also helped restore market confidence.

Despite a challenging market environment, the Group achieved attributable contracted sales of RMB11,000 million on the mainland during the year, mainly contributed by two landmark

projects, Phase 3 of the wholly-owned Shanghai Arch in Lujiazui, Shanghai and the third batch of the residential portion at the joint-venture Hangzhou IFC (River East) in Qianjiang New City CBD, Hangzhou. Sales response for the two projects has been encouraging.

During the year, the Group completed a total gross floor area of about 1.5 million square feet on the mainland. Among these, Four Seasons Hotel Suzhou, which opened in late 2023, will be retained for long-term investment. Project details are shown in the table below.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
The Woodland Phase 5B	Zhongshan 5 Road, Zhongshan	Residential/Shops	50	381,000
Oriental Bund Phase 6A	Chancheng, Foshan	Residential/Shops	50	297,000
Four Seasons Hotel Suzhou	Yuanqu, Suzhou	Hotel	90	297,000
TODTOWN Phase 2	Minhang, Shanghai	Office	35	291,000
Taihu International Community Phase 8	Taihu New City, Wuxi	Office	40	184,000
<b>Total</b>				<b>1,450,000</b>

As at 30 June 2024, the Group's contracted sales yet to be recognized on the mainland amounted to about RMB12,600 million, of which about RMB8,000 million is expected to be recognized in financial year 2024/25.

## Property Investment

Over the years, the Group has established a strong presence in major cities on the mainland with its landmark integrated projects. This property rental portfolio continued to perform satisfactorily during the year. Gross rental income derived from its rental portfolio on the mainland, including contributions from joint ventures and associates, as well as additional contributions from newly completed projects, increased by 12% year-on-year to RMB5,822 million.

The Group's premium malls, mostly a part of large-scale integrated projects, have consistently impressed customers with their innovative interior designs, creative marketing activities, comprehensive amenities, excellent transport accessibility, and outstanding customer service. Shanghai IFC

Mall in the central business district of Pudong, Shanghai has established itself as a must-visit, distinctive luxury destination for shoppers. Notable brands have further expanded their global flagship stores in the mall, reflecting their trust in the Group's capabilities. The mall continued to register high occupancy during the year.



○ Shanghai IFC Mall, Shanghai



Extending the Group's success from Shanghai to Nanjing, the one-million-square-foot Nanjing IFC Mall held its grand opening in late July 2024. The mall has achieved high occupancy since its soft opening in January 2024, with its nine floors filled by duplex luxury flagships and new concept stores of renowned retailers. The mall also houses an array of gourmet choices ranging from cafes to renowned restaurants, operated by award-winning teams from Michelin-starred and Black Pearl eateries. Its innovative western-garden-themed interior design and striking facade offer an unconventional experience to locals and visitors. Additionally, the open space at the mall has gained popularity as a venue for hosting a variety of pop-up events, including gourmet markets and entertainment.

The Group has adopted a proactive approach in managing its retail portfolio in a competitive retail landscape. Debuting multiple first stores in the city has successfully strengthened IAPM's distinctive market positioning as a trend-setter in Puxi, Shanghai. The extensive open space in its sunken garden allows Parc Central in Guangzhou to hold an array of brand-promotion campaigns and events. The mall also hosted its first pet-friendly activity, which received encouraging responses. In addition, the Group's extensive retail network allows close collaboration between its malls in Hong Kong and Guangzhou, creating synergy for both. These malls maintained high occupancies during the year.



○ Opening of Nanjing IFC Mall

The Group's grade-A offices, backed by a strong brand reputation, are well-known for their premium building quality and property management services. Advantageously located within integrated complexes with good transport connectivity, the offices allow tenants to enjoy complementary services at shopping malls and hotels which form part of the projects. Despite the challenging operating environment, the overall occupancy of the Group's office portfolio in Shanghai remained satisfactory. Shanghai IFC and Shanghai ICC continued to house renowned multinational corporations and leading domestic firms with their quality space and high green building standards. The completed Tower A of Three ITC in Shanghai, boasting a gross floor area of 1.1 million square feet, has achieved a committed occupancy of over 70%.



○ ITC, Shanghai

The Group's rental portfolio on the mainland will be further expanded upon the completion of the remaining portion of Three ITC in Shanghai. This prominent part of ITC, which includes a 370-metre-tall office skyscraper Tower B, a flagship mall ITC Maison and the Andaz Shanghai ITC hotel, is scheduled for completion from 2025 onwards. The 2.4-million-square-foot Tower B, built with the highest green standards as the completed Tower A, is set to become one of the most sustainable office buildings in Shanghai. Scheduled to open in phases, the 2.6-million-square-foot ITC Maison mall will feature a curated mix of top-notch brands across various trades and lifestyle categories, enticing new retail formats and immersive experiences. Marketing is underway with encouraging initial responses.

# Chairman's Statement



○ *Four Seasons Hotel Suzhou*

Hangzhou IFC is the Group's joint-venture development in the core area of Qianjiang CBD, Hangzhou. Connectivity of the project has been enhanced with the recent completion of a pedestrian bridge linking its two riverside sites. Construction is progressing well and the marketing of the grade-A office tower at River West will soon begin. The Group has obtained LEED Platinum pre-certifications for the office towers of this project which are retained for long-term investment. Upon its phased completion from 2025, Hangzhou IFC will offer a 'seamless city' experience combining tourism and leisure elements.

## Other Businesses

### Hotels

During the year under review, the Group's hotel business in Hong Kong achieved a notable recovery despite a challenging environment marked by a slower-than-expected return of inbound tourists. Four Seasons Hotel Hong Kong and The Ritz-Carlton, Hong Kong have maintained their leading positions in the Hong Kong hotel sector. The Royal brand hotels, especially The Royal Garden and Royal Plaza Hotel, maintained high average occupancies.

In response to dynamic market changes, the Group's hotel management team launched targeted promotions on social media platforms, effectively reaching a broader audience and enhancing brand visibility. Concurrently, the Group's hotels have continued to explore new markets to diversify their customer base and drive business growth. The Go Royal by SHKP loyalty programme continued to offer privileges to members and recorded a growth in its membership to more than 180,000, with an increase in mainland members. The programme collaborates with The Point to enrich customer experience and foster synergy across different business arms of the Group, which also entitles The Point members to more privileges.

On the mainland, The Ritz-Carlton Shanghai, Pudong achieved exceptional results during the year, with both average room rates and revenue per available room reaching record highs. In addition, the Four Seasons Hotel Suzhou, which commenced operations in December 2023, has rapidly garnered a stellar reputation. Situated on a serene urban island on the picturesque Jinji Lake, this new hotel is establishing itself as a top destination for business and leisure travellers in Suzhou. Situated in the premium Nanjing IFC complex in Hexi CBD, Andaz Nanjing Hexi has set a new benchmark in the region since its opening in April 2023.

## Telecommunications and Information Technology

### SmarTone

During the year under review, SmarTone's business and profit remained resilient amid the challenging operating environment. Despite highly intense competition, the company expanded its customer base and increased its 5G penetration rate to nearly 40%. The 5G Home Broadband service has continued to register growth in its customers and revenue, and has become a growth engine for the company. The service is seen by users as a fast, easy-to-use (no installation) and cost-effective solution to strong Wi-Fi.

With Hong Kong's reopening, SmarTone's roaming revenues have grown notably from the previous year. The Enterprise Solutions business has also grown and delivered material contribution to profitability. In February 2024, the company's AI



○ *SmarTone adopts the latest technology to enhance customer experience*

solution was recognized as one of the 'Top 5 Best Mobile Innovation for Digital Life' by the Global Mobile Awards at the Mobile World Congress in Barcelona. SmarTone is the first Hong Kong operator to have won this major global award.

SmarTone's mission is to deliver the best network in Hong Kong and a network that rivals the best globally. Emphasizing strong cost discipline, the company will continue to invest in a world-class network that makes Hong Kong proud. The company believes its 5G network is a key digital infrastructure that supports Hong Kong's vision to become a technology hub, as laid out in the 14th Five-Year Plan. The Group is confident about SmarTone's prospects and will continue to hold the company as a long-term investment. The Group will also leverage the company as its telecommunications technology arm and utilize its technologies to further improve customer experience.

#### *SUNeVision*

During the year under review, SUNeVision continued to see strong demand for its data centre services from overseas, mainland and local customers. The emergence of AI has raised the demand not just for the quantity, but also the quality of data centre capacity. SUNeVision has benefitted from such trends given that all of its data centres are premium in location, service and infrastructure.

Phase 1 of MEGA IDC, the state-of-the-art data centre in Tseung Kwan O, opened in the first half of 2024. The new centre has received very positive interest from various customers in the market, including large international cloud players and financial institutions. Two banks and a major cloud player have already moved in. Other data centres of the company also reported strong performance, and are nearly fully occupied with strong rental reversion.

SUNeVision has won the Judicial Review case in May 2022 against the Hong Kong Science and Technology Parks Corporation (HKSTP) in respect of unauthorized subletting activities among data centre operators in the industrial estates. The company is disappointed that after two years, HKSTP has still not publicly announced the next steps to address the situation, nor unveiled what the non-compliant operators have done to rectify the breaches. This is considered unacceptable both from a rule-of-law perspective and a governance perspective. Allowing such rent-seeking opportunities to prolong over these scarce and valuable resources will only be



○ MEGA IDC, SUNeVision's new data centre in Tseung Kwan O

harmful to Hong Kong's development as an important innovation and technology hub. SUNeVision has asked the HKSTP to publicly detail the measures against such illegal activities.

Looking ahead, there are still a lot of uncertainties in the economic environment. Interest rates remain high, and costs are rising. SUNeVision will continue to exercise the highest level of financial and operational discipline to achieve the best return on capital deployed amid these developments.

#### **Infrastructure and Other Businesses**

During the year under review, the Group's infrastructure and transport businesses showed mixed results. Wilson Group has delivered a stable set of results in spite of the weaker economic environment. Traffic at Route 3 (CPS), of which the franchise period will expire in May 2025, was still well below the pre-pandemic level because of softer cross-border traffic. The Hong Kong Business Aviation Centre (HKBAC) saw good growth with traffic close to pre-pandemic levels. Its terminal is undergoing a major revamp that will substantially enhance customer experience, with the objective of making it the best private jet airport in Asia. The franchise agreement of the HKBAC has also been extended to the end of 2043. The Airport Freight Forwarding Centre saw steady business due to improved exports; the Centre will also undergo a major revamp to upgrade its facilities to world-class levels. The container handling business of the River Trade Terminal remained challenging. Nevertheless, it achieved profit through stringent cost control measures.

# Chairman's Statement



○ *Syndicated loan signing ceremony*

YATA faces a challenging retail environment and substantial changes in customer preferences due to the ongoing trend of e-commerce, cross-border shopping, etc. To rise to the challenges, the company is undertaking a transformation to adapt to customer's changing needs. This will include the adoption of a 'supermarket plus' strategy to focus on the supermarket business. YATA is also repurposing its 'department store' space for product categories with strong customer demand, such as fresh produce. The company is also introducing new products from Japan and locally, as well as new food vendors that create excitement among customers. This transformation will start with the flagship store at New Town Plaza in Sha Tin. YATA will further leverage the Group's strengths and resources to increase its reach, including collaboration with the malls' loyalty programme, The Point. Stronger cooperation between YATA and the Group's malls will continue to drive footfall to both arms of the Group on a synergistic basis.

## Corporate Finance

Prudent financial management stands as a cornerstone for providing a solid foundation for the Group's sustainable growth. This, together with its sizeable recurring income, has enabled the Group to fortify itself against adverse economic conditions. With the Group's dedicated efforts in cash-flow management, a gearing ratio of 18.3% was recorded as at the end of June 2024.

The Group continued to maintain its strong position and is one of the best-rated developers in Hong Kong, holding an A+ rating (stable outlook) from S&P and an A1 rating (negative outlook) from Moody's.

Committed to maintaining excellent relationships with its banking partners, the Group continues to benefit from abundant banking facilities. In May 2024, the Group signed a HK\$23,000 million 5-year syndicated loan with a wide spectrum of 23 banks. The enthusiastic response demonstrated the trust of the banks in the Group and their confidence in the future of Hong Kong.

To diversify its funding sources and achieve a better alignment of the Group's Renminbi-denominated assets and liabilities, the Group has been ramping up the utilization of Renminbi-denominated debt funding. During the year, the Group concluded the CNH bank loan and issued CNH800 million of 5-year bonds and CNH2,850 million of 2-year bonds. Additionally, the Group issued CNH700 million of 3-year bonds in July 2024. In August 2024, the Group issued another tranche of RMB2,000 million commercial mortgage-backed securities (CMBS) on the mainland, which achieved the lowest CMBS pricing so far in 2024. In addition, the Group is actively exploring other funding options, including issuing new Dim Sum Bonds and Panda Bonds. The Group continued to gain considerable trust and support from banks on the mainland for its operations and development projects. By the end of June 2024, about 46% of the Group's total borrowings were either fixed-rate debts denominated in Hong Kong dollars or Renminbi-denominated debts.

Adhering to its established financial discipline, the Group has not engaged in any speculative derivative or structured product deals. With the vast majority of its borrowings denominated in Hong Kong dollars, the Group has limited its exposure to

foreign-exchange risk on debt financing. All of the Group's US dollar borrowings have been hedged through cross-currency swaps while the Renminbi-denominated borrowings can be naturally hedged against the Group's assets on the mainland.

## CORPORATE GOVERNANCE

The Group is determined to uphold high standards of corporate governance in order to safeguard the interests of all its stakeholders and create long-term sustainable value for them.

The Board of Directors is responsible for overseeing the overall strategies of the Group, including sustainable development matters. Consisting of 19 members, including seven INEDs, the Board has a proper mix of experience, expertise and diversity that is compatible with the Group's strategies, governance, and businesses. All INEDs possess the requisite stature, respect, qualifications, skills and experience to discharge their duties as INEDs. The majority of them have been with the Company for considerable periods of time, which enables them to gain an in-depth understanding of the Group's businesses and operations. Throughout their tenure, they have consistently demonstrated strong independence by offering impartial perspectives and insights, thereby making valuable contributions to the Group.

In addition, the Board has delegated specific roles and responsibilities to the Executive, Remuneration, Nomination, and Audit and Risk Management Committees. These Committees have specific terms of reference that clearly define their powers and responsibilities. The Executive Committee meets regularly to formulate business policies, to make decisions on key business issues and policies, and to exercise the powers and authority delegated by the Board. The Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee are all chaired by INEDs, and while the majority of the members of the Remuneration Committee and the Nomination Committee are INEDs, the members of the Audit and Risk Management Committee only comprise INEDs.

The Group's seasoned management team and ongoing efforts in maintaining high standards of corporate governance have earned it various major awards from leading financial publications over the past years. For instance, the Group was named the Best Overall Developer in Hong Kong by *Euromoney*, and won awards in Asia's Best Companies 2024 by *FinanceAsia*, including the Best Real Estate Company in Asia and Hong Kong, during the year.

## SUSTAINABLE DEVELOPMENT

The continued refinement of the Group's Environmental, Social and Governance (ESG) initiatives has attained industry recognition. During the year, the Group was included in the Dow Jones Sustainability Asia Pacific Index for the first time and ranked among the top 20% of companies in the region with exemplary sustainability practices. The Group was also listed in the *S&P Global Sustainability Yearbook 2024* and recognized by Morningstar Sustainalytics as a regional top-rated ESG performer. In addition, the Group was ranked among the top three companies in the Hang Seng Corporate Sustainability Index, with the highest AAA rating. It also obtained an A rating in the MSCI ESG Ratings assessment.

### Environment

The Group is making steady progress towards achieving its 10-year environmental targets. Four years into the timeline, the Group has already met its target of reducing the greenhouse gas emissions for its key commercial buildings by 25%. Encouraged by this early success, the Group is now setting a new target for greenhouse gas emissions reductions in this key environmental benchmark.

The Group remains dedicated to obtaining LEED Gold or Platinum ratings for its new major commercial projects. The High Speed Rail West Kowloon Terminus Development has achieved the highest ratings across major sustainable building pre-certification programmes. The Group has also exchanged a green lease with UBS, an anchor tenant of International Gateway Centre (IGC), the office portion of the project, reaffirming both parties' commitment to sustainability. A mega project on the



○ The Group procures electric construction equipment

## Chairman's Statement

mainland, Hangzhou IFC, has attained LEED Platinum pre-certification for Cities and Communities: Plan and Design Communities while the office and retail portions at this project have obtained the WELL pre-certification.

To increase transparency in reporting climate-related risks, the Group will, starting from this year, disclose its Scope 3 emissions (specific indirect emissions) in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures and other international standards.

To support the development and adoption of renewable energy, the Group, through a joint-venture partnership, is undertaking the development of Hong Kong's first solar farm built on a landfill, the South East New Territories Landfill in Tseung Kwan O. Works on the 107,600-square-foot solar farm will soon commence, and it will be capable of generating 1.2 million kWh of electricity annually upon completion.

To encourage greater usage of electric vehicles, the Group has installed nearly 40 super-fast EV chargers in its major malls across various districts in Hong Kong, allowing drivers to conveniently redeem The Point bonus points for the charging services. The feedback has been overwhelmingly positive and users particularly appreciate the convenience and the speed. In view of the strong utilization rate of the service, the Group plans to double the number of EV super-chargers at its malls over the next few months, providing greater convenience to customers.

Furthermore, the Group's construction arm, Sanfield, has taken a lead among local developers by purchasing several pieces of electric construction equipment to replace diesel counterparts. It has also launched Hong Kong's first sustainability-linked



○ The Group is the title sponsor of the Sun Hung Kai Properties Hong Kong 10K Championships



○ The Group's malls host an array of engaging promotional activities during the Paris 2024 Olympic Games

supplier payment services programme in the construction industry in collaboration with a bank. By providing suppliers with early payment opportunities tied to meeting certain sustainability-related targets, the programme will help drive the adoption of ESG practices in the construction industry.

### Social

Serving the greater good of the community is a guiding principle for the Group. The Group has continued its efforts to help address the public housing issue through lending a site on Yau Pok Road in Yuen Long to the Government for the provision of Light Public Housing. A total of 2,100 units will be built on the site and they will be among the first Light Public Housing projects to start taking in residents in 2025.

The Group has been a strong advocate of reading for two decades. As the city celebrated its first Hong Kong Reading for All Day in 2024, the Group provided the high-traffic New Town Plaza mall for the 2024 Hong Kong Reading+ carnival which featured a series of activities to promote reading for all and sharing of literary resources with Shenzhen to strengthen collaboration between the two neighbouring cities.

In line with the Government's vision of 'Tourism is everywhere in Hong Kong', the Group collaborated with the Sports Federation & Olympic Committee of Hong Kong to host an array of engaging promotional activities in the Group's malls during the Paris 2024 Olympic Games. This helped bring major events to different districts through the Group's network of malls, boosting the economy, local tourism and the retail market.



○ The Group sponsors sports-for-charity initiatives, including the Sun Hung Kai Properties Hong Kong Cyclothon

As part of the Group's Sai Sha mega development, a 1.3 million-square-foot GO PARK Sai Sha, an indoor and outdoor complex of sports, dining, entertainment and recreational facilities, is nearly completed. In addition to providing more than a dozen types of sports facilities, the complex will support the development of sports in Hong Kong and promote the joy of sports to the public. The Group also supported a wide range of sports-for-charity initiatives, including sponsoring the Sun Hung Kai Properties Hong Kong Cyclothon, the SHKP Supernova Cycling Team, the Sun Hung Kai Properties Hong Kong 10K Championships and The Community Chest Corporate Challenge. Promoting community sports and a healthy lifestyle, the Group continues to be the title and charity sponsor of the Sun Hung Kai Properties Hong Kong Cyclothon 2024, which is the biggest cycling event in the city.

Furthermore, the second phase of Ma Wan Park is scheduled to open soon. Blending nature, historical culture and art, the revitalized Ma Wan Old Village will feature art studios for experiential activities, and is set to become an inviting destination for both locals and tourists.

Recognizing employees as vital assets, the Group offers them comprehensive development programmes ranging from job-related skills to well-being. Courses on the latest technological trends, such as artificial intelligence, data-mining techniques, and blockchain technology, were organized. Additionally, the Group supports the Government's talent-admission schemes by recruiting mainland talent for positions in Hong Kong and the GBA.

## PROSPECTS

The world economy is still clouded by a host of headwinds, including a fragile geopolitical backdrop, growing high-tech trade tensions, elevated interest rates and inflation pressure. The upcoming US presidential election may also pose uncertainties to the geopolitical landscape. Nevertheless, the beginning of an interest-rate-cut cycle for selected advanced economies and a clearer rate-cut path should pave the way for economic growth.

# Chairman's Statement

The Central Government has continued to put forward comprehensive policies to deepen reforms for advancing high-quality development in the country, including strengthening counter-cyclical adjustment and mitigating risks in relation to the property sector and local governments. Policies in cultivating new quality productive forces, advancing high-standard opening up and unleashing domestic demand will render further support to structural transformation and steady economic growth on the mainland. Despite consolidations that prevail in the housing market in the near term, such policies should help steer the sector towards a more sustainable path over the medium term.

Against the challenging external environment, Hong Kong's economy is expected to register modest growth in the near term. In order to build the city into an international hub for high-calibre talent, various measures have been rolled out to draw non-local students and professionals, international enterprises, investments, and skills. All these policies are expected to help spur impetus for growth and further strengthen the city's competitiveness. Relentless efforts by the Government to foster a mega-event economy and the recovery of passenger flight capacity are expected to support the revival of inbound tourism, mitigating the challenges posed by outbound travel and changing spending patterns of locals and visitors. Rising home rents reflect that underlying housing demand remains solid, while the potential interest rate cut should further benefit the housing market.

Backed by the firm support of the motherland and the policy of 'One Country, Two Systems', Hong Kong is poised to strengthen its traditional position as an international financial, transportation, trade, and aviation hub, and further bolster its competitiveness as a leading global asset- and wealth-management centre. The city will continue to benefit from its unique position as a double gateway connecting the mainland, especially the GBA, and the rest of the world.

Being one of the safest and most welcoming cities in the world, Hong Kong will continue to draw talent from the mainland and different parts of Asia. Supported by its long-standing strength of having a simple and low tax regime, sound rule of law, as well as a market structure that embraces new investments, the city is well positioned to capture opportunities arising from the increasing cross-border businesses. The Group has full confidence in the long-term prospects of the mainland and Hong Kong.

The Group will continue to adhere to its prudent financial discipline, maintain its sizeable recurring income from its rental portfolio and non-property businesses, and capitalize on its strong reputation for delivering high-quality properties to achieve high asset turnover for its property development business. Without compromising on quality, the Group will keep on carrying out strict cost control, and the overall construction capex is expected to decrease meaningfully in the next few financial years. Endowed with its financial and operational strengths, the Group is well positioned to navigate the current challenges.

Strengthening the competitiveness of its property investment portfolio is one of the Group's key strategies. Amid the ongoing challenges, the Group will upgrade its properties by making use of digital initiatives to enhance service quality, aside from leveraging the strengths of its sizeable quality portfolio in prime locations. Over the next two to three years, new developments will come on stream, bringing additional cash flows and rental income to the Group. In Hong Kong, the shopping mall beneath The Millennity in Kwun Tong is scheduled to open in phases in late 2024, while the first office towers at IGC atop the High Speed Rail West Kowloon Terminus will be ready for handover starting from early 2026. For Three ITC in Shanghai, office skyscraper Tower B and the mall ITC Maison are scheduled for completion in phases in 2025. These additions will help contribute to the Group's recurring income upon their gradual completions.



○ The YOHO Hub II, Yuen Long, Hong Kong





○ GO PARK Sai Sha, Hong Kong

The Group will continue to launch new residential projects for sale when ready and put up for sale its unsold completed residential units and some non-core properties. Tender for sale of units at Victoria Harbour II in North Point has begun recently. Over the next 10 months, several of the Group's major developments in Hong Kong are expected to be put on the market. These will include the first phase of Cullinan Sky in Kai Tak, a new block at The YOHO Hub II in Yuen Long, a joint-venture project on Prince Edward Road West in Ho Man Tin, the second phase of YOHO WEST in Tin Shui Wai and the first phase of Sai Sha project near Ma On Shan. On the mainland, the Group plans to launch new batches of joint-venture developments such as Lake Genève in Suzhou, Hangzhou IFC, and Oriental Bund in Foshan.

Adhering to its long-standing commitment of Building Homes with Heart, the Group is dedicated to building a harmonious and sustainable community for all. A prime example is the upcoming project in Sai Sha, which is not only a large-scale residential development but also creates a vibrant and liveable environment in the vicinity. In addition to the infrastructure enhancements that benefit all residents in the neighbourhood, the Group is building GO PARK Sai Sha, a new sports-and-entertainment landmark combining indoor and outdoor facilities, which is expected to redefine contemporary living in the brand-new, dynamic community.

Over the past half-century, the Group has been shaping Hong Kong's cityscape with iconic landmark developments which have built its history and long-running reputation for quality. The Group's customer-centric culture has earned trust and

long-term relationships with tenants and customers. Adhering to prudent financial discipline, the Group has achieved sound performance and resilience in weathering various economic downturns. Moving forward, the Group will uphold its unwavering commitment to quality, flexibility in moving with the times, and prudent financial discipline. Supported by its solid foundation, including time-tested business strategies and strong execution teams, the Group firmly believes it can rise above challenges and achieve long-term growth by continuing to build quality properties to meet the public's aspirations for a healthy and environmentally friendly community.

## APPRECIATION

I would like to take this opportunity to convey my appreciation to our staff, whose hard work and contributions have been instrumental to our continued success and commitment to quality amid evolving challenges. I also extend my gratitude to my fellow directors for their guidance, and to our shareholders and customers for their trust and support.

### **Kwok Ping-luen, Raymond**

*Chairman & Managing Director*

Hong Kong, 5 September 2024

# Business Model and Strategic Direction

## Executive Committee



*Kwok Ping-luen, Raymond \**  
(Chairman & Managing Director)

\* Executive Director



*Wong Chik-wing, Mike \**  
(Deputy Managing Director)



*Lui Ting, Victor \**  
(Deputy Managing Director)



*Tung Chi-ho, Eric \**



*Kwok Kai-fai, Adam \**



*Kwok Kai-wang, Christopher \**



*Fung Yuk-lun, Allen \**

## Business Model

As one of the largest property developers and landlords in Hong Kong, the Group is committed to creating sustainable value for shareholders and other stakeholders by developing and leasing premium properties with attentive service to residents, shoppers and tenants both in Hong Kong and on the mainland.

Property development for sale, one of the two core businesses of the Group, adopts a vertically integrated model covering processes ranging from land acquisition, project planning, project management, material sourcing and construction through to sales and marketing and property management. This ensures every aspect of the development process meets high standards and enables the Group to control the ultimate quality of its developments.

The second core business of the Group is property investment for rental purpose. Throughout the years, the Group has built, leased and managed a wide variety of commercial projects in Hong Kong and major cities on the mainland to provide premium office and retail space to tenants. In addition, the Group maintains a portfolio of hotels, high-class serviced suites and luxury residences catering for the diverse needs of its customers. The portfolio of property investment also covers industrial buildings, godowns, data centres and car parks.

Property development for sale and rental income from the portfolio of property investment constitute the Group's primary sources of income. The Group places sustainability as one of its top priorities by integrating Environmental, Social and Governance (ESG) elements into its property development and management operations.

### Core Values

The following core values are cornerstones for the Group's long-term development.

- **Building Homes with Heart**  
Producing premium premises and offering quality services for an ideal living environment; delivering sustainable value to the communities in which the Group operates
- **Speed, Quality, Efficiency**  
Earning the support and trust of all stakeholders through commitment to speed, quality and efficiency
- **Customer First**  
Constantly anticipating what customers want and offering quality products and attentive services that exceed expectations
- **Continuous Improvement**  
Keeping up with the market and setting high standards, along with lifelong learning for greater adaptability and constant exploration of new ideas
- **Teamwork**  
Nurturing a pool of talented and high-calibre employees capable of achieving objectives through harnessing the power of teamwork, collective experience and professional knowledge

## Strategic Direction

The Group creates sustainable value for shareholders through the following strategies:

- Balanced sources of income
- Hong Kong focus
- Expansion on the mainland
- Prudent financial management



Lau Tak-yeung, Albert \*



Fung Sau-yim, Maureen \*



Chan Hong-ki, Robert \*



Yung Sheung-tat, Sandy



Li Ching-kam, Frederick



Lam Ka-keung, Henry



Lo King-wai

### Balanced Sources of Income

The Group aims to secure relatively balanced sources of income over the long term, with a focus on property development for sale and rental income from its portfolio of property investment. This strategy strikes a balance between steady cash flow and quick asset turnover.

The portfolio of property investment aims to generate a steadily growing income stream for the Group's shareholders. Proactive leasing management, asset enhancement initiatives and trade- and tenant-mix refinements are key attributes to maintaining the Group's leading position in the leasing market.

Property development serves as another growth engine for the Group in the long term and offers quick asset turnover as well as enhances liquidity and capital utilization. The Group makes every effort to ensure outstanding building quality and services in order to achieve premium pricing.

### Hong Kong Focus

Having played a significant part in the development of the city for decades, the Group has built a trusted reputation and premium brand name over the years. With Hong Kong's unique advantages under 'One Country, Two Systems', the Group is confident of the territory's long-term prospects not only as an international centre for finance, transportation, trade as well as innovation and technology but also as a gateway to the world for the mainland.

Through tenders, land use conversions and other means, the Group has added new sites to its Hong Kong land bank over the years and targeted prime sites with attractive investment potential. The Group upholds its belief in Building Homes with Heart, making it a developer of customers' choice. As an integral part of its core strategy, the Group continues to strengthen its

premium brand through the delivery of outstanding products and services. Throughout the years, the Group's efforts have enhanced its premium brand, which has been well recognized by the market. The Group has pledged to continue to strengthen its premium brand in the years to come.

### Expansion on the Mainland

The Group is positive about the long-term prospects on the mainland, which offers a variety of investment opportunities. The Group has a highly selective and focused strategy with key cities being its primary focus. Building upon its stellar reputation, experienced teams, and commitment to quality and customer focus, the Group will continue its drive to build and enhance its premium brand and develop high-quality projects on the mainland.

### Prudent Financial Management

A strong financial position is crucial to the Group's success. Prudent financial management ensures the Group's healthy and sustainable growth and allows it to invest in attractive projects when opportunities arise.

The Group maintains its gearing at a reasonable level and pays close attention to liquidity management, ensuring adequate financial resources for its daily operation and strategic investment.

The Group aims to further strengthen its financial position by diversifying sources of funding. The Group enjoys high credit ratings, putting it in a favourable position to tap debt capital markets. The Group also maintains excellent banking relationships and is able to obtain abundant banking facilities for business needs.

# Review of Operations





*ICC and Two IFC forming the Victoria Harbour Gateway*

## Hong Kong Property Business

### Highlights

- **Held a diverse land bank of 57.8 million square feet as at 30 June 2024**
- **Completed an approximate 3.5 million square feet of attributable gross floor area, of which about 2.5 million square feet were residential properties for sale**
- **Achieved contracted sales of about HK\$25,600 million**
- **Recorded a net rental income of HK\$13,423 million from the Group's diversified quality rental portfolio, up 1% from the previous financial year**

### Land Bank

During the year under review, three residential sites comprising an aggregate gross floor area of about 1.5 million square feet in attributable terms were added to the Group's development land bank. For details, please refer to the Chairman's Statement on page 8. The Group will continue to adhere to prudent financial discipline in the replenishment of its land bank.

As at 30 June 2024, the Group's land bank in Hong Kong totalled 57.8 million square feet of gross floor area, comprising about 19.6 million square feet of properties under development and around 38.2 million square feet of completed properties.

The Group maintains a portfolio of completed properties which is substantial in scale, of premium quality and geographically diversified, covering various types of usage, unit sizes, floor plans and rental levels. An overwhelming majority of these developments are held for long-term rental and investment purposes. Of these, many of the core commercial properties have received green building certifications and are located

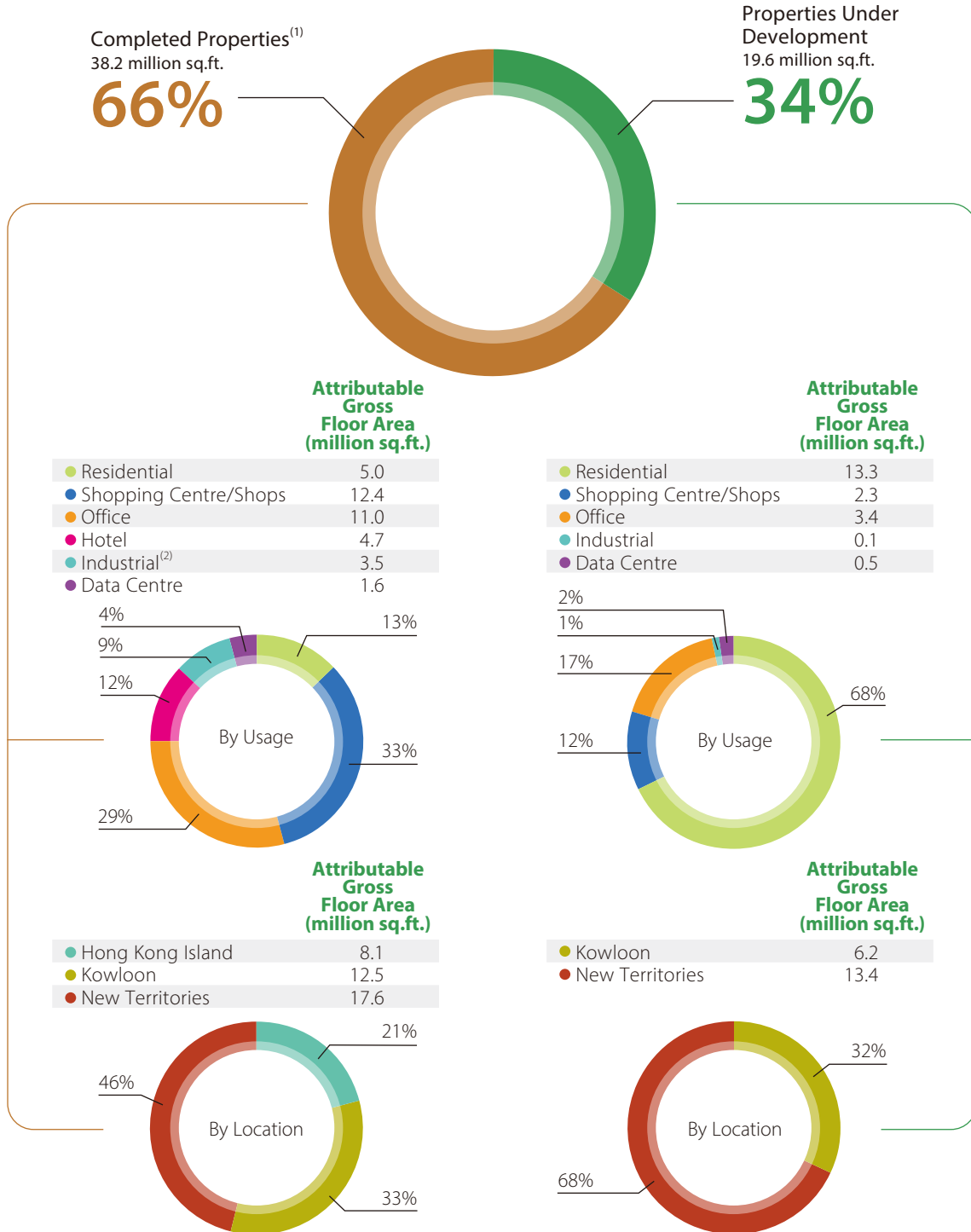
along railway lines, catering to increasing demand for quality space with easy transportation while meeting the latest green building standards. Among the portfolio, approximately 33% are shopping malls and retail space, while 29% are premium office buildings. Around 13% of the properties are industrial facilities and data centres.

In addition, the Group owns some 19.6 million square feet of properties under development in Hong Kong, which are sufficient to meet its development needs over the next six to seven years. Of these, about 13.3 million square feet will be retained for the building of different types of residential properties for sale across the territory. The remaining 6.3 million square feet have been earmarked for rental and long-term investment purposes. Many of these, including the commercial complexes in West Kowloon, are integrated developments expected to be the Group's new income stream in the next few years. The remainder are long-dated projects scheduled for gradual completion after a few more years.

As at 30 June 2024, the Group's land bank in Hong Kong by attributable gross floor area was as follows:

## Hong Kong Land Bank Composition

(57.8 million square feet of attributable gross floor area as at 30 June 2024)



(1) An overwhelming majority are for rent/investment

(2) Including industrial/office premises and godowns

# Hong Kong Property Business

## Property Development



*NOVO LAND, Tuen Mun*





Clubhouse of University Hill, Tai Po



## Property Development



○ High Speed Rail West Kowloon Terminus Development

The Group is dedicated to developing quality and sustainable properties in Hong Kong while creating long-term value for homebuyers and tenants. Being the city's first developer to provide three-year warranty to first-hand purchasers of newly sold residential units in Hong Kong, the Group has always put strong emphasis on product quality and customer needs. This commitment to quality is underscored by the introduction of innovative technology and management techniques to enhance user experience, operational efficiency and environmental protection.

With a reputable brand and solid experience in developing properties that meet homebuyers' requirements and expectations, the Group has been able to maintain a leading position in the market despite challenging market conditions. In particular, the Group has built an edge in the development of large-scale integrated projects with comprehensive facilities and good transport connectivity.

Primary transaction volume meaningfully increased in the months following the lifting of all property curbs in February 2024. The Group achieved contracted sales of approximately HK\$25,600 million in attributable terms in Hong Kong during the year. Major residential projects launched for sale during the year included YOHO WEST in Tin Shui Wai, The YOHO Hub II in Yuen Long, Cullinan Harbour Phase 1 in Kai Tak and NOVO LAND Phase 3B in Tuen Mun. In addition, the Group put some unsold units from completed projects on the market, including Dynasty Court in Mid-levels Central, Crown of St. Barths in Ma On Shan and Ultima in Ho Man Tin.

The Group will adhere to its time-tested business strategy and launch new projects for sale when ready with the aim of achieving high asset turnover.

## Major Projects under Development

The Group boasts a diverse property development portfolio comprising mass-market apartments, luxury residences, premium offices and retail spaces spreading across various districts in Hong Kong. Many of these properties are situated along or in close proximity to existing or planned railway lines. Below are descriptions of the Group's major projects.

### Kowloon

#### Cullinan Sky New Kowloon Inland Lot No. 6568 (100% owned)

Site area	: 178,000 square feet
Gross floor area	: 1.1 million square feet (residential) 220,000 square feet (retail)
Approximate number of units	: 1,500
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2025, in phases

Situated at the heart of the Kai Tak City Centre, Cullinan Sky boasts approximately 1,500 high-end apartments, spanning about 1.1 million square feet of residential gross floor area in five high-rise towers. The development will be the tallest among all residential blocks in the Kai Tak area, allowing residents on high floors to enjoy breathtaking views of Victoria Harbour. The project will offer a broad range of layouts, from studios to four-bedroom homes and some special units, appealing to a wide variety of customers.



○ Cullinan Sky, Kai Tak

Residents of the project will enjoy the diverse amenities in the twin clubhouses, including a sky garden, swimming pools and function rooms. Construction of the project is progressing smoothly, with the superstructure recently topping out.

The development will include Cullinan Sky Mall, a four-storey mall spanning about 220,000 square feet. With a rooftop oasis and an underground retail street directly connected to MTR Kai Tak Station, the mall will allow residents and shoppers to enjoy both the convenience of urban living and nature-inspired outdoor space. The development will also be connected to adjacent buildings and the neighbouring community via all-weather walkways. Access to the West Kowloon Cultural District and the High Speed Rail terminus will be further enhanced upon the commissioning of the Central Kowloon Route in 2025, providing more convenient and efficient commuting for residents to other business areas.

#### Cullinan Harbour New Kowloon Inland Lot No. 6551 (100% owned)

Site area	: 118,000 square feet
Gross floor area	: 625,000 square feet (residential) 24,000 square feet (retail)
Approximate number of units	: 440
Expected date of Certificate of Compliance/ Consent to Assign	: from second half of 2025, in phases

Situated at the southern end of the former Kai Tak runway, Cullinan Harbour is another of the Group's residential developments in the district. The harbourfront development will be developed in phases, comprising about 625,000 square feet of residential gross floor area and around 24,000 square feet of retail space. Featuring a wavy facade inspired by the stunning scenery of Victoria Harbour, the project consists of nine high-rise towers and some low-rise blocks. The project offers about 440 luxury residences, with a majority being spacious large-size units. Some 90% of the units boast sweeping views of both sides of Victoria Harbour. Residents can enjoy a diverse range of amenities as well as personalized and attentive healthcare services in the clubhouse.

The first phase of the development, consisting of 256 premium residences, has been on the market since March 2024. Superstructure work is expected to be topped out in the third quarter of 2024. Upon full completion, Cullinan Harbour will create synergy with Cullinan Sky in Kai Tak Town Centre.

## Property Development



○ Cullinan Harbour, Kai Tak

The retail podium will include some restaurants with harbour views and featured shops, offering leisure dining and shopping experiences to its visitors. A range of amenities along the promenade and ample open space nearby will bring more elements of healthy living to its residents. The Kai Tak Sky Garden next to the development serves as a pedestrian link connecting the project to other leisure venues nearby, while the proposed Smart and Green Mass Transit System is expected to strengthen the connection between the runway area and MTR Kai Tak Station.

### High Speed Rail West Kowloon Terminus Development International Gateway Centre (IGC) (office portion) Kowloon Inland Lot No. 11262 (Joint Venture)

Site area	: 643,000 square feet
Attributable gross floor area	: 1.2 million square feet (office) 603,000 square feet (retail)
Expected date of completion	: from second half of 2025

The mega integrated development will comprise about 2.6 million square feet of premium grade-A office space, namely the International Gateway Centre (IGC), and about 600,000 square feet of retail space. Through seamless linkage to Hong Kong's only High Speed Rail station as well as superb connection to the Airport Express line and three other MTR lines, this project will enjoy excellent connectivity with major mainland cities and other parts of the world. The Group holds the entire retail portion and some 1.2 million square feet of the office portion as long-term investment. The remainder of the office portion is held by two long-term strategic investors.

In addition to ample green and wellness elements, the project will provide over 100,000 square feet of open space, including an outdoor observation deck open to the public. The development will also be connected to a 1.5-kilometre-long walkway linking Jordan and Yau Ma Tei with the West Kowloon waterfront. Set to become one of the most sustainable and environmentally friendly developments in the world, the project has already attained the highest ratings across major sustainable building pre-certification programmes, including LEED and WELL. This project, upon its completion, will join the Group's completed ICC, two luxurious hotels and the Artist Square Towers Project under construction to form a unique hub for commerce, culture, arts, retail, entertainment, and transportation in Hong Kong and the Greater Bay Area (GBA).

Pre-leasing of the IGC office portion has started, with UBS, a global financial institution, secured as the first anchor tenant. For more leasing information, please refer to details on page 52. Superstructure of the entire project has been topped out and the handover of offices is expected to start from early 2026.

### Artist Square Towers Project, West Kowloon Cultural District (100%)

Site area	: 72,000 square feet
Gross floor area	: 672,000 square feet (office) 27,000 square feet (retail)
Expected date of completion	: second half of 2026

Adjacent to the M+ Museum in the West Kowloon Cultural District, this harbourfront project is being developed under a Build-Operate-Transfer arrangement. Envisioned as three



○ Artist Square Towers Project, West Kowloon (Rendering provided by the West Kowloon Cultural District Authority)

premium office towers with a combined gross floor area of about 672,000 square feet complemented by some retail space, the development is scheduled to be completed in late 2026. Construction will commence in the fourth quarter of 2024.

With low-density configurations, artistic glamour and harbour views, the office towers will feature business casual space adorned with balconies and terraces, cultivating a workplace environment that distinguishes itself from conventional offices. The three office towers will also offer flexible floor plates catering to a wide range of office size requirements.

With excellent connectivity via the High Speed Rail, Airport Express, other MTR lines, and many bus routes, the development together with the Group's completed ICC, luxury hotels, and the forthcoming High Speed Rail West Kowloon Terminus Development are poised to emerge as a major hub for business, art, and transportation in Hong Kong and the GBA.

**Kowloon Inland Lot No. 11273, Mong Kok**  
(100% owned)

Site area	: 124,000 square feet
Gross floor area	: 1.2 million square feet (office) 170,000 square feet (retail)
Expected date of completion	: after 2027

Strategically located in the core of Mong Kok commercial hub, the site will be developed into a 320-metre skyscraper with a retail podium, poised to become the second-tallest landmark in Kowloon upon completion. Seamlessly integrated with the adjacent MTR Mong Kok East Station and Mong Kok Station via landscaped walkways and covered footbridges, the development will also include a public transport interchange accommodating minibuses and cross-border coach services. With foundation work recently commenced, the project is planned for completion in 2030.

This iconic commercial development, envisioned as the Green Heart of Mong Kok, will seamlessly integrate commercial elements with an abundance of lush green space. The rooftop observation deck of the high-rise will offer visitors panoramic views across the Kowloon Peninsula. The project will be linked via a walkway to the Group's integrated complex comprising shopping mall MOKO, the Royal Plaza Hotel, and the office towers of Grand Century Place adjacent to MTR Mong Kok East Station, generating significant synergies.



○ Kowloon Inland Lot No.11273, Mong Kok (Rendering)

**New Territories East**

**Tai Po Town Lot No. 253, Sai Sha**  
(100% owned)

Site area	: 6.7 million square feet
Gross floor area	: 5.7 million square feet (residential) 130,000 square feet (retail)
Approximate number of units	: 9,700
Expected date of Certificate of Compliance/ Consent to Assign	: from second half of 2025, in phases

Planned for completion in phases over a number of years, the Sai Sha project will offer approximately 9,700 premium residential units spanning a gross floor area of about 5.7 million square feet and retail space of some 130,000 square feet. With its extensive transport infrastructure, retail and recreational facilities, of which most will be ready for the first batch of residents to enjoy when they move in, the project is set to redefine urban living in Hong Kong. Being the Group's latest signature development in the city, this residential cluster places emphasis on health and wellness, sustainability, and smart living with the aim of obtaining Gold ratings from the WELL Community Standard™ and BEAM Plus. Meticulously designed

## Property Development



○ Tai Po Town Lot No. 253, Sai Sha

to harmonize with its natural surroundings, the residential towers are in a serene setting characterized by relatively low development density. Most units will enjoy panoramic views of mountains or sea. Construction of the project is progressing smoothly. Phase 1A of the project, providing some 780 units, is scheduled to be put on the market soon.

The adjacent GO PARK Sai Sha, a diverse sports and entertainment destination with a total site area of 1.3 million square feet, will offer a wide range of dining, entertainment and leisure options, creating a unique living experience for residents. GO PARK will feature a variety of sports facilities, including a public golf driving range, venues for emerging sports such as pickleball, and an indoor multi-purpose arena that can accommodate up to 1,500 people. A sports-cum-retail complex, featuring leisure facilities, food-and-beverage outlets and special shops, is scheduled to open gradually in late 2024, providing brand new dining and entertainment offerings to the vicinity.

With the completion of the Sai Sha Road widening works in the first half of 2024, the connectivity of the project has been further enhanced. In addition to parking facilities, the project features two transport interchanges for convenient access to public transportation. It is about a few minutes' drive to MTR Wu Kai Sha Station and MTR University Station. Various bus and minibus routes, including three new routes, provide convenient connections to nearby MTR stations, neighbouring communities and other locations.

### Fanling Sheung Shui Town Lot No. 279

(100% owned)

Site area	: 200,000 square feet
Gross floor area	: 999,000 square feet (residential) 132,000 square feet (retail)
Approximate number of units	: 2,100
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2027, in phases

Adjacent to MTR Kwu Tung Station, which is now under construction, the project spans approximately a million square feet of residential gross floor area and around 132,000 square feet of retail space. Planned for completion in phases, the residential portion consists of six high-rise towers, providing about 2,100 flats with a focus on small- and medium-sized units. Designed with innovative and technology-enabled facilities, the project strengthens the concept of smart and healthy living to better cater to the needs of young talent and families. The retail podium will provide diverse shops, restaurants, and recreational facilities, fulfilling the day-to-day needs of residents and shoppers. The piling work has recently been completed and the construction of the superstructure has begun.

The development enjoys superb transportation linkage, with a public transport interchange at the podium offering its residents easy access to various business areas of Hong Kong and other GBA cities. Located in the geographical centre of the Northern Metropolis, the project will be within easy reach of the planned future tech hubs and educational institutions in the vicinity, such as the Northern Metropolis University Town and the Hong Kong-Shenzhen Innovation and Technology Park, enhancing its appeal for young talent and families.

**Sha Tin Town Lot No. 537, Heung Fan Liu, Sha Tin**  
(100% owned)

Site area	: 423,000 square feet
Gross floor area	: 521,000 square feet (residential)
Approximate number of units	: 1,300
Expected date of Certificate of Compliance/ Consent to Assign	: after 2027, in phases

The Group added a residential site in Sha Tin through a lease modification in the first half of 2024. Ten minutes away from MTR Tai Wai Station by bus or minibus, the site will be developed into a pure residential development with some 1,300 units, mainly small- and medium-sized. Currently in the planning stage, the project will feature views of lush green hills and the picturesque Shing Mun Reservoir.

**New Territories West**

**YOHO WEST**  
**Tin Shui Wai Town Lot No. 23**  
(Joint venture)

Site area	: 196,000 square feet
Gross floor area	: 980,000 square feet (residential) 2,000 square feet (retail)
Approximate number of units	: 1,900
Expected date of Certificate of Compliance/ Consent to Assign	: from second half of 2024, in phases

Located atop the Light Rail Tin Wing Stop and adjacent to a public transport interchange, YOHO WEST provides residents with easy connectivity to various parts of Hong Kong. With close proximity to the 15-hectare Tin Shui Wai Park, the project boasts lush greenery and a serene environment that makes it a tranquil oasis in the urban landscape. Residents in the high zones can enjoy views of bustling Shenzhen Bay and Nanshan District in Shenzhen.

The development boasts three residential towers comprising a total of about 1,900 small- and medium-sized units in 980,000 square feet of residential gross floor area, coupled with 2,000



○ YOHO WEST

## Property Development



○ NOVO LAND, Tuen Mun

square feet of retail space. The first phase of some 1,400 units has been launched for sale since December 2023 with encouraging market response. Construction of the project is progressing well and these units are expected to be handed over to buyers starting from the fourth quarter of 2024. The second phase of the residential portion will provide around 530 units, ranging from one-bedroom apartments to three-bedroom homes, providing residents with a variety of options to suit their lifestyles and preferences.

### **NOVO LAND subsequent phases** **Tuen Mun Town Lot No. 483** *(100% owned)*

Site area	: 482,000 square feet (entire development)
Gross floor area	: 694,000 square feet (residential)
Approximate number of units	: 1,300
Expected date of Certificate of Compliance/ Consent to Assign	: first half of 2025

Being developed in phases, NOVO LAND will be one of the largest private residential developments in Tuen Mun upon full completion. The entire development comprises 14 residential towers with a total of approximately 4,600 homes.

Phases 1A and 1B with about 1,600 flats were virtually sold out, while phases 2A and 2B with over 1,600 flats were launched for sale in 2023, registering satisfactory sales performance. The first

two phases were handed over to buyers before mid-2024. Phase 3B, consisting of over 760 flats, is being put up on the market in batches starting June 2024, while the final Phase 3A, with some 500 flats, is scheduled to be put up for sale when ready. Phases 3A and 3B, currently under construction, are scheduled for completion in the first half of 2025.

The project has also earned widespread acclaim for its smart, sustainable designs and wellness-focused amenities. Through an exclusive mobile app, residents can experience a wide range of smart and contactless living features. The clubhouse, together with gardens and recreational areas, will provide residents with over 80 facilities across a total area of approximately 400,000 square feet upon full opening. Setting a new bar for healthy living, this project is the first residential development in Hong Kong to achieve three internationally recognized standards for healthy buildings.

NOVO Walk, the 48,000-square-foot retail space within the development, has recently opened. It houses nearly 40 shops, including popular restaurants, YATADAY supermarket, a kindergarten, clinics and pet shops, fulfilling the daily needs of residents in the community. It is served by a number of bus routes, providing residents with easy access to major business areas, the nearby MTR stations, the Airport and Shenzhen Bay Port.



### Tuen Mun Town Lot No. 496

(75.2% owned)

Attributable site area	: 179,000 square feet
Attributable gross floor area	: 465,000 square feet (residential)
Approximate attributable number of units	: 1,100
Expected date of Certificate of Compliance/ Consent to Assign	: after 2027

Nestled amid the serene green hills of So Kwun Wat in Tuen Mun, the project is designed meticulously to offer a tranquil and refreshing living environment to residents. Spanning about 619,000 square feet of residential gross floor area, the project will feature 1,400 units across six towers, with a flat mix ranging from one- to four-bedroom apartments, catering to the needs of different residents. Blending in with the natural surroundings, most of the units will come with mountain or garden views, while panoramic sea views will be available at selected residences on higher floors. With the project's proximity to Tai Lam Country Park and Castle Peak Bay, residents enjoy ample opportunities for outdoor recreation and leisure. A prestigious international school nearby also enhances the project's appeal to families pursuing quality education for their children.

### Lot No. 1696 in DD 115, Tung Shing Lei, Yuen Long

(100% owned)

Site area	: 352,000 square feet
Gross floor area	: 757,000 square feet (residential) 19,000 square feet (retail)
Approximate number of units	: 1,500
Expected date of Certificate of Compliance/ Consent to Assign	: after 2027

In the second half of 2023, the Group added a residential-cum-retail project in Tung Shing Lei, Yuen Long through lease modification. The site is about a 10-minute walk to the Group's YOHO Mall adjacent to MTR Yuen Long Station and a transport interchange, allowing residents to enjoy transport convenience and a one-stop 'retailtainment' experience.

The project will comprise a total of some 1,500 units spanning across six residential towers. With a focus on one- to three-bedroom units, the development will offer open views of the natural splendour of the Nan Sang Wai wetlands and lush greenery. High-floor units facing north will command sweeping views of the Shenzhen CBD skyline and Shenzhen Bay. The project will feature retail shops, a wellness centre and education facilities that elevate the convenience of everyday living. Foundation work for this project has already commenced.

### Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long

(100% owned)

Site area	: 107,000 square feet
Gross floor area	: 856,000 square feet (commercial)
Expected date of completion	: after 2027

Adjacent to MTR Tin Shui Wai Station in Yuen Long, the site will be developed into an integrated project featuring a commercial complex of 856,000 square feet. The project includes planned footbridges connecting to both MTR Tin Shui Wai Station and major residential clusters nearby. Upon completion, this complex is expected to become a new commercial hub in the region, well-positioned to benefit from the ongoing development of the Northern Metropolis.

## Property Development

### Projects under Development in Hong Kong by Year of Completion<sup>(1)</sup>

Location	Project Name	Group's Interest (%)
<b>Scheduled for Completion in FY2024/25</b>		
(1) New Kowloon Inland Lot No. 6568 Phase 1	Cullinan Sky/Cullinan Sky Mall	100
(2) Tin Wing Stop Development Phase 1	YOHO WEST	JV
(3) Tuen Mun Town Lot No. 483 Phases 3A & 3B	NOVO LAND	100
(4) Kwun Tong Inland Lot No. 240 Phase 2		71.9 <sup>(2)</sup>
(5) Tuen Mun Town Lot No. 463 Phase 2	Grand Jeté Phase 2	59.1
<b>Year Total:</b>		
<b>Scheduled for Completion in FY2025/26</b>		
(6) High Speed Rail West Kowloon Terminus Development Phase 1 <sup>(3)</sup>	International Gateway Centre	JV <sup>(3)</sup>
(7) Tai Po Town Lot No. 253, Sai Sha Phases 1A & 1B		100
(8) New Kowloon Inland Lot No. 6568 Phase 2	Cullinan Sky	100
(9) New Kowloon Inland Lot No. 6551 Phases 1 & 2A	Cullinan Harbour	100
<b>Year Total:</b>		
<b>Scheduled for Completion in FY2026/27</b>		
(10) Tai Po Town Lot No. 253, Sai Sha Phases 2A & 2B		100
(11) Artist Square Towers Project, West Kowloon Cultural District <sup>(4)</sup>		100
(12) High Speed Rail West Kowloon Terminus Development Phase 2 <sup>(3)</sup>		100
(13) Tseung Kwan O Town Lot No. 131 Phase 2	MEGA IDC	74
(14) Fanling Sheung Shui Town Lot No. 279, Kwu Tung Phase 1		100
(15) Tin Wing Stop Development Phase 2	YOHO WEST	JV
(16) 13–23 Wang Wo Tsai Street, Tsuen Wan		100
(17) New Kowloon Inland Lot No. 6551 Phase 2B	Cullinan Harbour	100
<b>Year Total:</b>		
<b>Major Projects Scheduled for Completion in FY2027/28 or Beyond</b>		
(18) Tai Po Town Lot No. 253, Sai Sha subsequent phase(s)		100
(19) Kowloon Inland Lot No. 11273, Mong Kok <sup>(5)</sup>		100
(20) Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long		100
(21) Lot No. 1696 DD 115, Tung Shing Lei, Yuen Long		100
(22) Fanling Sheung Shui Town Lot No. 279, Kwu Tung subsequent phase(s)		100
(23) Sha Tin Town Lot No. 537, Heung Fan Liu, Sha Tin		100
(24) Tuen Mun Town Lot No. 496		75.2
(25) Fanling Sheung Shui Town Lot No. 307, Fanling North		100
(26) Lot No. 2091 in DD 105, Shek Wu Wai, Yuen Long		54.5
(27) Lot No. 1071, DD 103, Kam Tin, Yuen Long		100
(28) Lot No. 2579 in DD 92, Kwu Tung		100
(29) Sha Tin Town Lot No. 623, Siu Lek Yuen, Sha Tin		100
(30) Lot No. 4805 in DD 104, Yuen Long		100
(31) Lot No. 1077 in Survey District No. 3, off Anderson Road, Kwun Tong		100
Others		
<b>Total for Major Projects Scheduled for Completion in FY2027/28 or Beyond:</b>		
(1) Information up to August 2024; Completion refers to the stage in which the project is ready for handover; excluding the gross floor area of Government Accommodation that will be handed over to relevant government departments upon completion of the project		
(2) Including 50% direct interest and an indirect interest of about 21.9% derived from the Group's holdings in Transport International Holdings (TIH)		
(3) The Group currently has a 100% and 45% interest in the retail and office portions respectively		
(4) The Group has been granted the right to develop and operate the project under a Build-Operate-Transfer arrangement		
(5) Including the gross floor area of offices and retail portion; the development plan has yet to be finalized		

**Attributable Gross Floor Area (square feet)**

<b>Residential</b>	<b>Shopping Centre/Shops</b>	<b>Office</b>	<b>Hotel</b>	<b>Data Centre/ Industrial</b>	<b>Total</b>
571,000	220,000	–	–	–	791,000
746,000	2,000	–	–	–	748,000
694,000	–	–	–	–	694,000
–	360,000	–	–	–	360,000
104,000	–	–	–	–	104,000
<b>2,115,000</b>	<b>582,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,697,000</b>
–	–	1,154,000	–	–	1,154,000
862,000	57,000	–	–	–	919,000
495,000	–	–	–	–	495,000
439,000	24,000	–	–	–	463,000
<b>1,796,000</b>	<b>81,000</b>	<b>1,154,000</b>	<b>–</b>	<b>–</b>	<b>3,031,000</b>
846,000	–	–	–	–	846,000
–	27,000	672,000	–	–	699,000
–	603,000	–	–	–	603,000
–	–	–	–	507,000	507,000
317,000	132,000	–	–	–	449,000
234,000	–	–	–	–	234,000
201,000	–	–	–	–	201,000
186,000	–	–	–	–	186,000
<b>1,784,000</b>	<b>762,000</b>	<b>672,000</b>	<b>–</b>	<b>507,000</b>	<b>3,725,000</b>
3,950,000	73,000	–	–	–	4,023,000
–	170,000	1,200,000	–	–	1,370,000
–	490,000	366,000	–	–	856,000
757,000	19,000	–	–	–	776,000
682,000	–	–	–	–	682,000
521,000	–	–	–	–	521,000
465,000	–	–	–	–	465,000
259,000	49,000	–	–	–	308,000
265,000	–	–	–	–	265,000
251,000	–	–	–	–	251,000
162,000	–	–	–	–	162,000
157,000	–	–	–	–	157,000
139,000	–	–	–	–	139,000
–	110,000	–	–	–	110,000
452,000	29,000	–	–	125,000	606,000
<b>8,060,000</b>	<b>940,000</b>	<b>1,566,000</b>	<b>–</b>	<b>125,000</b>	<b>10,691,000</b>

## Property Development

### Major Properties under Development in Hong Kong<sup>(1)</sup>

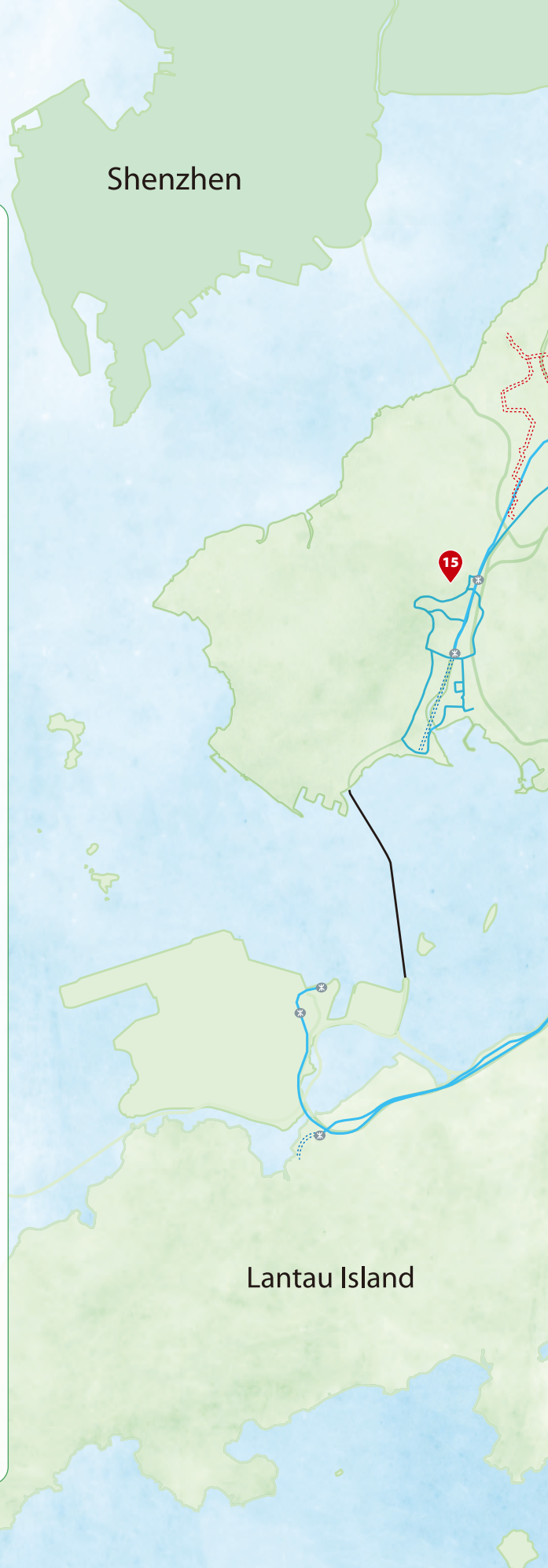
- Residential
- Data Centre
- Shopping Centre/Shops
- Office

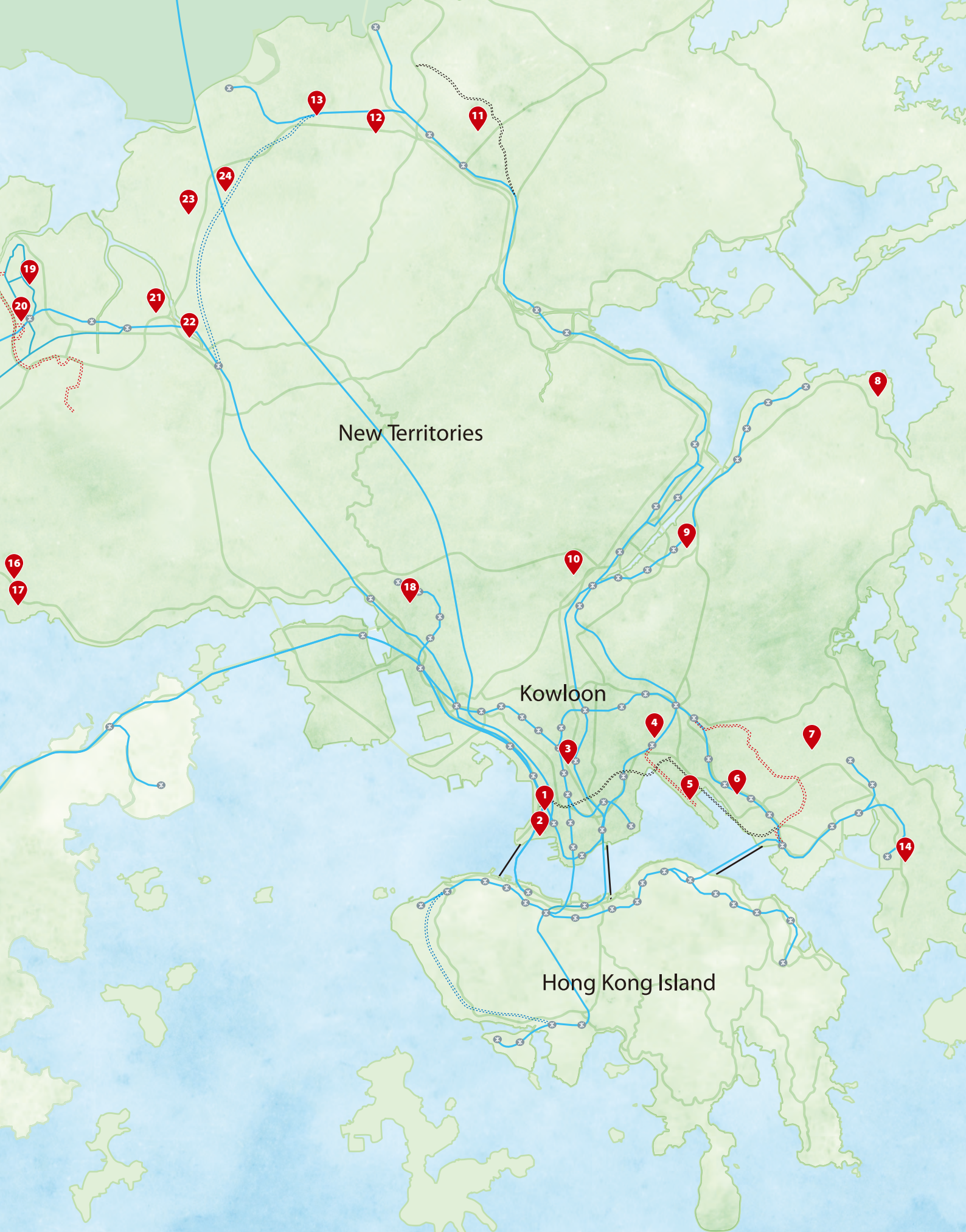
District	Project Name	Usage
<b>Kowloon</b>	1 High Speed Rail West Kowloon Terminus Development	<span style="color: blue;">●</span> <span style="color: orange;">●</span>
	2 Artist Square Towers Project, West Kowloon Cultural District <sup>(2)</sup>	<span style="color: blue;">●</span> <span style="color: orange;">●</span>
	3 Kowloon Inland Lot No. 11273, Mong Kok	<span style="color: blue;">●</span> <span style="color: orange;">●</span>
	4 Cullinan Sky	<span style="color: green;">●</span> <span style="color: blue;">●</span>
	5 Cullinan Harbour	<span style="color: green;">●</span> <span style="color: blue;">●</span>
	6 Kwun Tong Inland Lot No. 240 Phase 2	<span style="color: blue;">●</span>
	7 Lot No. 1077 in Survey District No. 3, off Anderson Road, Kwun Tong	<span style="color: blue;">●</span>
<b>New Territories East</b>	8 Tai Po Town Lot No. 253, Sai Sha	<span style="color: green;">●</span> <span style="color: blue;">●</span>
	9 Sha Tin Town Lot No. 623, Siu Lek Yuen, Sha Tin	<span style="color: green;">●</span>
	10 Sha Tin Town Lot No. 537, Heung Fan Liu, Sha Tin	<span style="color: green;">●</span>
	11 Fanling Sheung Shui Town Lot No. 307, Fanling North	<span style="color: green;">●</span> <span style="color: blue;">●</span>
	12 Lot No. 2579 in DD 92, Kwu Tung, Sheung Shui	<span style="color: green;">●</span>
	13 Fanling Sheung Shui Town Lot No. 279, Kwu Tung, Sheung Shui	<span style="color: green;">●</span> <span style="color: blue;">●</span>
	14 MEGA IDC Phase 2	<span style="color: purple;">●</span>
<b>New Territories West</b>	15 NOVO LAND Phases 3A & 3B	<span style="color: green;">●</span>
	16 Tuen Mun Town Lot No. 496	<span style="color: green;">●</span>
	17 Grand Jeté Phase 2	<span style="color: green;">●</span>
	18 13-23 Wang Wo Tsai Street, Tsuen Wan	<span style="color: green;">●</span>
	19 YOHO WEST	<span style="color: green;">●</span> <span style="color: blue;">●</span>
	20 Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long	<span style="color: blue;">●</span> <span style="color: orange;">●</span>
	21 Lot No. 1696 DD 115, Tung Shing Lei, Yuen Long	<span style="color: green;">●</span> <span style="color: blue;">●</span>
	22 Lot No. 1071, DD 103, Kam Tin, Yuen Long	<span style="color: green;">●</span>
	23 Lot No. 4805 in DD 104, Yuen Long	<span style="color: green;">●</span>
	24 Lot No. 2091 in DD 105, Shek Wu Wai, Yuen Long	<span style="color: green;">●</span>

- MTR
- - - - - MTR (potential future projects)
- - - - - Smart and Green Mass Transit Systems (under planning)
- Subsea Tunnel
- - - - - Major roads (under construction)

(1) Information up to late August 2024

(2) Under a Build-Operate-Transfer arrangement for a period of about 47 years





New Territories

Kowloon

Hong Kong Island

# Hong Kong Property Business

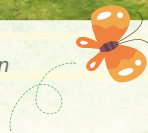
## Property Investment

*High Speed Rail West Kowloon Terminus Development (Rendering)*





*ICC, West Kowloon*



## Property Investment



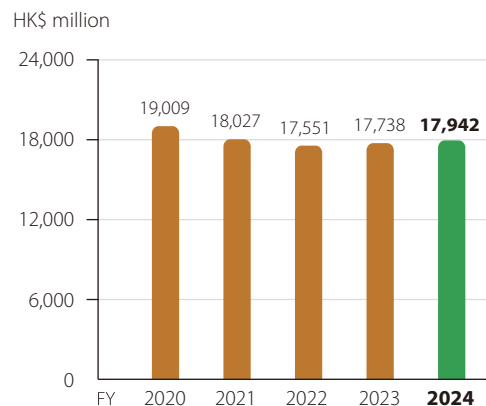
○ New Town Plaza, Sha Tin

During the year under review, the Group’s property investment portfolio in Hong Kong continued to generate relatively stable recurring income. Inclusive of contributions from joint ventures and associates, the Group’s gross rental income registered a 1% year-on-year growth to HK\$17,942 million. The average occupancy rate of the portfolio remained at approximately 92%.

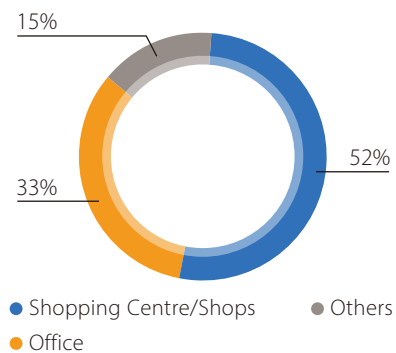
### Completed Properties Shopping Centres

Spanning over 12 million square feet, the Group’s retail portfolio achieved a gross rental income of HK\$9,283 million during the year, a 3% increase year-on-year. The Group has stepped up its proactive and multi-pronged approach to enhance the competitiveness of its retail portfolio amid challenges arising from changes in consumers’ spending patterns and severe competition from neighbouring regions. The overall average occupancy of the Group’s retail portfolio remained at a satisfactory level of 94%.

### Gross Rental Income in Hong Kong<sup>(1)</sup>



### Gross Rental Income in Hong Kong by Sector<sup>(1)</sup>



(1) Including contributions from associates and joint ventures





○ APM, Kwun Tong

The retail market in Hong Kong continued to recover in the second half of 2023 but there have been signs of softening since March 2024. While visitor arrivals continued to increase during the year, retail sales, particularly in popular tourist districts, lagged behind pre-pandemic levels. This was mainly due to the changing spending patterns of visitors and a strong Hong Kong dollar. In addition, the trend of cross-border consumption has posed challenges to domestic consumption and selected trades.

Capitalizing on the complementary nature of the various segments of the Group's developments in a diversified portfolio, the Group has made considerable efforts to foster synergy

among its malls, hotels, residential projects and offices. Many of its retail properties are flagship and regional malls underneath residential or office developments, or within large-scale integrated complexes. To bring hassle-free shopping experience to residents and office workers in the district as well as further expand the customer base of its retail network, the Group has made dedicated efforts to improve the malls' connectivity by linking the developments with public walkways and transportation interchanges.

YOHO Mall in Yuen Long is the latest illustration of the Group's efforts in establishing an expanded and inter-connected retail network. YOHO MIX, a 107,000-square-foot extension of YOHO



○ MOKO, Mong Kok



○ YOHO MIX, Yuen Long

## Property Investment



○ IFC Mall, Central



○ V City, Tuen Mun

Mall adjacent to MTR Yuen Long Station, opened in June 2024. It has enriched the tenant mix of the entire YOHO Mall with more new shops and popular eateries, as well as provided event space for additional retailtainment experience with its outdoor piazza. Supported by a comprehensive footbridge network, the various segments of YOHO Mall together form a one-stop retail hub and the largest flagship mall in northwest New Territories that spans about 1.1 million square feet. In addition, the Group revamped a nearby property, renamed as YOHO Plus, which is linked to YOHO Mall with a covered footbridge. Enhanced synergy in this retail cluster is expected to generate additional rental income for the Group.

The Group attaches great importance to asset and service enhancement for its existing malls to maintain their attractiveness and uniqueness. While leveraging the latest technology to maintain a highly safe and healthy environment through its property management arms, the Group also carries out reconfigurations to accommodate new facilities catering to customers' evolving lifestyles from time to time. Examples include the enhancement of the malls' outdoor areas to accommodate more pet- and family-friendly facilities and provide cosy leisure areas for different age groups.

YOHO Mall in Yuen Long completed the expansion of its pet garden, DOT Park, in April 2024, featuring additional facilities for pets and pet owners to play and rest across the 8,000-square-foot open space. New Town Plaza in Sha Tin also reconfigured its 35,000-square-foot rooftop area as Dino Park, the first and largest dinosaur-themed outdoor playground in the city. Since its opening in October 2023, the park has proven to be a big draw for families. Enhancement works have started for the mall's

exterior walls and the outdoor area on another two floors, totalling some 130,000 square feet. One floor will be renovated into Chill Park, a leisure area targeting youngsters, with expected completion in late 2024.

Apart from maintaining the premium quality of hardware through constant upgrades, precise mall positioning and proper trade mix are also the key strengths of the Group's retail network in Hong Kong. The Group's leasing team makes timely response to changing consumer preferences and rapidly evolving market dynamics with ongoing tenant- and trade-mix refinement, including additions of popular international and mainland food-and-beverage brands as well as the launching of experimental pop-up stores.

In the heart of Central, IFC Mall continued to reinforce its distinctive luxury position through the expansion of notable top-notch brands and the introduction of high-end skincare and cosmetic retailers. Exclusive pop-up stores are regularly hosted at the mall's event space to create an interactive customer experience. The mall also enriched its dining variety by bringing in unique culinary options which were new to the city, catering to rising demands spurred by an increasing number of mega events at the Central Harbourfront.

APM, adjacent to MTR Kwun Tong Station, has cemented its position as a landmark regional mall by hosting special events that range from live sports broadcasts, gala premieres and fan meetings to indoor fairs. The mall's high and stable footfall is underpinned by frequent promotional events and the presence of anchor tenants including trendy gadget stores and a full range of beauty brands. In addition to on-trend brands



○ Landmark North, Sheung Shui

debuting in Kowloon East, the mall successfully brought in an international beauty products retailer which during the year opened its flagship store.

The Group adjusted the tenant-and-trade mix of many of its malls during the year, mostly to diversify offerings or respond to growing aspirations for a green and healthy lifestyle with cultural and artistic glamour. MOKO, next to MTR Mong Kok East Station, introduced new establishments including a sustainable clothing platform from Singapore and a sand-art studio. V City next to MTR Tuen Mun Station presented additional wellness offerings. Tai Po Mega Mall in Tai Po modified its layout in 2024 to increase the number of shops and introduce some popular retail outlets, including a leading Japanese pharmaceutical chain. At Tsuen Wan Plaza, located next to MTR Tsuen Wan West Station, a green fair featuring eco-friendly products as well as yoga and handicraft workshops was organized. At Metroplaza in Kwai Fong, a promotion centred on Hong Kong's cha chaan teng (tea restaurant) culture and a fair showcasing local handicrafts and snacks from trending online shops were staged.

The Group has attached great importance to cultivating strong relationships with tenants and customers, actively collecting real-time feedback from them via online and offline channels. The Point, the loyalty programme for SHKP malls, acts as an effective platform to encourage repeat purchases through its distinctive services and privileges. Collaborating with tenants to launch innovative promotions and activities also helps draw footfall and boost spending.



○ East Point City, Tseung Kwan O

Following the introduction of contactless parking and super-fast EV charging services, The Point introduced in 2024 a new Instant Point Earn service which allows members to earn reward points instantly after making purchases and use them as Point Dollars in the Group's malls. As at mid-2024, this additional service covers more than 2,000 merchants, representing about 60% of tenants in the Group's major malls. EV charging facilities have been installed in an increasing number of SHKP malls and exclusive privileges including pre-bookings for EV charging facilities are offered by The Point to selected customers.

To support the HKSAR Government's campaign to stimulate the economy through the promotion of 'day and night vibes' events citywide, the Group, in collaboration with its tenants, launched targeted promotion campaigns at the Group's malls to attract visitors to shop at night. East Point City in Tseung Kwan O showcased a performance of a trending overseas dance troupe, while Landmark North in Sheung Shui hosted fan meetings of K-pop stars and local celebrities. In support of the Paris 2024 Olympic Games held this summer, a number of SHKP malls hosted a series of sports-themed events.

### Offices

Due to geopolitical tension and a softening global economy, the Hong Kong office market remained challenging during the year under review. Vacancy levels have edged higher across the office market. Amid an uncertain economic outlook and a persistently high interest rate environment, office occupants in the city generally remain cost-conscious.

## Property Investment



○ ICC, West Kowloon

Nonetheless, the Group's trusted brand and its dedication to maintaining high building and service quality have earned it a well-established customer base. Spreading across various core business areas in the city, the Group's diverse office properties totalling approximately 11 million square feet differentiate themselves from their peers with high building specifications, professional leasing and property management services, and dedication to adhering to high green-building standards. These factors, combined with robust tenant relationships and active engagement, have established the Group as a reputable brand in the office leasing market, enabling its office portfolio to deliver relatively resilient and stable performance with an overall average occupancy of about 91% during the year.

Driven by its sustainability strategy, the Group is committed to developing sustainable properties with green features and upgrading the green-building standards of its existing buildings. Iconic office landmarks, including IFC, ICC and Sun Hung Kai Centre, have obtained LEED Platinum certifications. During the year, The Millennium, along with a shopping mall beneath it,

achieved a WELL Core Platinum certification, the first WELL recognition for an office-cum-retail development in the city. In addition, the Group regularly undergoes asset enhancement initiatives to further strengthen the competitiveness of its portfolio.

IFC, situated in the heart of Central above the Airport Express Hong Kong Station, continued to be one of the most prestigious office addresses in Hong Kong. Its unique position is underpinned by all-round complementary facilities, including an upscale mall, a luxury hotel and a serviced suite under the same roof. These have allowed the IFC office towers to maintain a solid tenant mix comprising both international and mainland financial institutions.

Strategically located in West Kowloon, ICC is the tallest green building in the city. Situated atop the Airport Express Kowloon Station and next to the High Speed Rail West Kowloon Station, the skyscraper enjoys an unrivalled transportation network and further raises its competitiveness with the wider use of

innovative technologies to increase efficiency and environmental friendliness. Such efforts have drawn new demand from large-scale corporations and organizations which place great emphasis on Environmental, Social and Governance (ESG). Currently, ICC has embraced opportunities arising from increased cross-border businesses and activities in the GBA. ICC is expected to synergize with the Group's two projects under construction in the vicinity – the High Speed Rail West Kowloon Terminus Development and the Artist Square Towers Project – upon their completion.

During the year, the Group's Millennium City office cluster maintained an average occupancy at a reasonable level despite ample new supply in Kowloon East. Notwithstanding fierce competition, the office cluster has attracted tenants with large floor plates, diverse and flexible lease options, attentive management services and proximity to MTR stations. Also, the Group's well-recognized track record in clear establishment of ownership gives tenants confidence in relocation and renewal. Occupancies of the two grade-A office towers at The Millennity are steadily ramping up. With large floor plates and professional management service, it has attracted a renowned local university as one of its key tenants. The connectivity of the project will be further strengthened upon the completion of an all-weather passageway to MTR Ngau Tau Kok Station.

The soft market sentiment has posed pressure on the Group's other premium offices across various districts. During the year, occupancies of these office buildings, mostly within integrated developments along rail lines, remained at a reasonable level with stable demand from a diverse mix of tenants.



○ The Millennity, Kwun Tong



○ IFC, Central

### Residential, Serviced Suites and Others

Signature Homes is the Group's residential leasing arm and manages a diverse portfolio of nearly one million square feet of luxury residential units and about 1,000 serviced suites in attributable terms across the city. During the year, the leasing performance and occupancies of the Group's residential units and serviced suites remained stable.

Tapping the rising demand for flexible accommodation from young professionals, the Group's TOWNPLACE brand launched a flagship serviced-apartment option, TOWNPLACE WEST KOWLOON in 2023. With a gross floor area of about 374,000 square feet, this harbourfront project in West Kowloon offers flexible accommodation options from daily stays to longer-term apartment accommodations, complemented by hotel-class

## Property Investment



○ TOWNPLACE WEST KOWLOON

service on demand and socializing activities to create an all-round experience for its guests. Market response to this innovative concept is encouraging with many units leased to young talent and professionals. In addition, works to upgrade rooms in phases at Vega Suites atop MTR Tseung Kwan O Station will begin soon.

The Group's other property investments, including industrial buildings, godowns and car-parking bays, continued to record stable recurring income during the year.

### Major Properties under Development

Several major properties for investment of the Group will come on stream in phases over the next few years. This expanding portfolio will continue to support the Group's substantial recurring income base, further strengthening the Group's rental income.

As one of the most anticipated integrated projects in Hong Kong, the Group's mega project atop the High Speed Rail West Kowloon Terminus is approaching its final stage of development. The premium grade-A offices, comprising about 2.6 million square feet in two sets of twin-block towers, have been named the International Gateway Centre (IGC). Poised to become a sustainable world-class wealth-management centre with superb building specifications and abundant green and wellness elements, IGC has already attained the highest ratings across major sustainable building pre-certification programmes,

including LEED. The development's state-of-the-art provisions, together with the Group's strong track record in developing large-scale transport-oriented commercial hubs, will appeal to multinational corporations with high ESG requirements. Pre-leasing of IGC offices is progressing well. A 14-storey block comprising about 460,000 square feet has been pre-leased to UBS, a global financial institution. IGC will be completed and ready for handover to the anchor tenant starting from early 2026. The development also houses some 603,000 square feet of retail space complemented by ample open space and a green walkway. The Group will hold nearly 1.2 million square feet of office space along with the whole retail portion for long-term investment.

Artist Square Towers Project is the upcoming commercial project in West Kowloon Cultural District. Consisting of three harbourfront commercial towers, the project will provide about 672,000 square feet of grade-A offices and some 27,000 square feet of retail space. Upon its completion in late 2026, the premium office space will embrace the city's development into an East-meets-West Centre for International Cultural Exchange. The project will synergize with the completed ICC and IGC under construction, creating a distinctive cluster of green grade-A office space. Complemented by the Group's two completed luxury hotels and a premium mall beneath IGC under construction, this well-connected commercial cluster is set to benefit from the growing commuting activity among the

GBA cities, further cementing West Kowloon's status as a hub for commerce, culture, arts, retail, entertainment and transportation.

Leveraging its expertise in building transit-oriented developments, the Group is developing in Mong Kok a comprehensive commercial complex comprising a 320-metre commercial tower with a podium shopping mall, spanning about 1.4 million square feet. Foundation work for this project has begun. Scheduled for completion in 2030, this development is expected to create great synergy with the Group's Grand Century Place complex and will beautify the landscape in Mong Kok with its green and sustainable elements. Please refer to page 35 for project details.

The Group's expanding retail portfolio will continue to support the daily needs of both residents and office workers under the same roof, as well as the entire community in the district. A new shopping mall spanning some 500,000 square feet will debut beneath The Millennity in Kwun Tong. Featuring modern lifestyle, the 10-storey podium mall will provide trend-setting brands, experiential retail and specialty restaurants as well as sufficient parking spaces, meeting demand from the enlarged working population in Kowloon East. The first phase of the mall, featuring popular restaurants, is scheduled to open in stages in late 2024.



○ The landmark commercial complex in Mong Kok (Rendering)

As Kai Tak Town Centre evolves into a mature destination, the Group is developing a podium mall of 220,000 square feet beneath the Group's upscale residential development Cullinan Sky. The four-storey mall enjoys an excellent transportation network with an underground walkway seamlessly connecting it to MTR Kai Tak Station. Scheduled to open in 2026, the mall will introduce features to meet rising preferences for outdoor sitting, such as al fresco dining and pet-friendly features.



○ High Speed Rail West Kowloon Terminus Development (Rendering)

## Property Investment

### Major Completed Properties in Hong Kong

Project	Location
<b>Hong Kong Island</b>	
One IFC / Two IFC / IFC Mall / Four Seasons Hotel Hong Kong / Four Seasons Place	1 Harbour View Street / 8 Finance Street, Central
Sun Hung Kai Centre	30 Harbour Road, Wan Chai
Central Plaza	18 Harbour Road, Wan Chai
Harbour North / Hyatt Centric Victoria Harbour Hong Kong	123, 133 Java Road / 1 North Point Estate Lane, North Point
World Trade Centre / wwwtc mall	280 Gloucester Road, Causeway Bay
Pacific View (Blocks 2 & 3)	38 Tai Tam Road, Southern
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road, Mid-levels
<b>Kowloon</b>	
ICC / Sky100 Hong Kong Observation Deck / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place	1 Austin Road West
Millennium City 1 <sup>(2)</sup>	388 Kwun Tong Road
Millennium City 2	378 Kwun Tong Road
Millennium City 5 / APM	418 Kwun Tong Road
Millennium City 6	392 Kwun Tong Road
The Millennity	98 How Ming Street, Kwun Tong
Grand Century Place / MOKO / Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok
TOWNPLACE WEST KOWLOON	10 Lai Ying Street, West Kowloon
V Walk	28 Sham Mong Road, West Kowloon
The Royal Garden	69 Mody Road, Tsim Sha Tsui
Kerry Hung Kai Warehouse	3 Fat Tseung Street, Cheung Sha Wan
APEC Plaza	49 Hoi Yuen Road, Kwun Tong
Mikiki	638 Prince Edward Road East, San Po Kong
The Sun Arcade	28 Canton Road, Tsim Sha Tsui
<b>New Territories</b>	
New Town Plaza / New Town Tower / Royal Park Hotel	18 Sha Tin Centre Street / 2-8 Sha Tin Centre Street / 10-18 Pak Hok Ting Street / 8 Pak Hok Ting Street, Sha Tin
Grand Central Plaza / HomeSquare	138 Sha Tin Rural Committee Road, Sha Tin
Metroplaza	223 Hing Fong Road, Kwai Chung
YOHO Mall I	9 Yuen Lung Street / 9 Long Yat Road, Yuen Long
YOHO Mall II	8 Long Yat Road, Yuen Long
YOHO MIX	1 Long Lok Road, Yuen Long
YOHO Plus	2-6 Fung Cheung Road, Yuen Long
Crowne Plaza Hong Kong Kowloon East / Vega Suites	3 Tong Tak Street, Tseung Kwan O
PopCorn	9 Tong Yin Street, Tseung Kwan O
Tai Po Mega Mall	9 On Pong Road, Tai Po
Tsuen Wan Plaza	4-30 Tai Pa Street, Tsuen Wan
KCC	51 Kwai Cheong Road, Kwai Chung
Life@KCC	72-76 Kwai Cheong Road, Kwai Chung
Landmark North	39 Lung Sum Avenue, Sheung Shui
East Point City	8 Chung Wa Road, Tseung Kwan O
Citygate / Novotel Citygate Hong Kong / The Silveri Hong Kong – MGallery	20 Tat Tung Road / 51 Man Tung Road / 16 Tat Tung Road, Tung Chung
ALVA Hotel by Royal	1 Yuen Hong Street, Sha Tin
Royal View Hotel	353 Castle Peak Road, Ting Kau
V City	83 Tuen Mun Heung Sze Wui Road, Tuen Mun
PopWalk (Phases 1, 2 & 3) / Ocean PopWalk	12 Tong Chun Street / 19 Tong Yin Street / 19 Chi Shin Street / 28 Tong Chun Street, Tseung Kwan O

(1) Including industrial/office premises and godowns

(2) Including the attributable share in areas held by SUNeVision, in which the Group has a 74.0% interest



**Attributable Gross Floor Area (square feet)**

<b>Lease Expiry</b>	<b>Group's Interest (%)</b>	<b>Residential</b>	<b>Shopping Centre/Shops</b>	<b>Office</b>	<b>Hotel</b>	<b>Industrial<sup>(1)</sup></b>	<b>Total</b>
2047	50	–	320,000	958,000	550,000	–	1,828,000
2127	100	–	53,000	851,000	–	–	904,000
2047	50	–	–	705,000	–	–	705,000
2062/2063	100	–	145,000	–	388,000	–	533,000
2842	100	–	267,000	243,000	–	–	510,000
2047	100	248,000	–	–	–	–	248,000
2886	100	237,000	–	–	–	–	237,000
2047	100	–	29,000	2,495,000	1,023,000	–	3,547,000
2047	100	–	27,000	896,000	–	–	923,000
2047	50	–	–	133,000	–	–	133,000
2052	100	–	598,000	308,000	–	–	906,000
2047	100	–	32,000	370,000	–	–	402,000
2047	71.9	–	–	467,000	–	–	467,000
2047	100	–	725,000	475,000	400,000	–	1,600,000
2067	100	–	–	–	374,000	–	374,000
2062	100	–	298,000	–	–	–	298,000
2127	100	–	–	–	295,000	–	295,000
2047	50	–	–	–	–	285,000	285,000
2047	100	–	–	–	–	240,000	240,000
2054	100	–	205,000	–	–	–	205,000
2047	100	–	205,000	–	–	–	205,000
2047	100	–	1,350,000	111,000	243,000	–	1,704,000
2047	100	–	349,000	413,000	–	–	762,000
2047	100	–	600,000	569,000	–	–	1,169,000
2054/2060	100	–	695,000	–	–	–	695,000
2047	87.5	–	245,000	–	–	–	245,000
2065	100	–	107,000	–	–	–	107,000
2047	100	–	44,000	–	–	–	44,000
2057	100	–	–	–	626,000	–	626,000
2057	50	–	108,000	–	–	–	108,000
2047	100	–	598,000	–	–	–	598,000
2047	100	–	583,000	–	–	–	583,000
2047	100	–	79,000	401,000	–	–	480,000
2047	100	–	100,000	–	–	–	100,000
2047	100	–	182,000	375,000	–	–	557,000
2047	100	–	415,000	–	–	–	415,000
2047/2063/2063	26.7	–	222,000	43,000	98,000	–	363,000
2047	100	–	–	–	344,000	–	344,000
2047	100	–	–	–	310,000	–	310,000
2056	100	–	269,000	–	–	–	269,000
2060/2061/2062/2062	100	–	242,000	–	–	–	242,000

# Property Investment

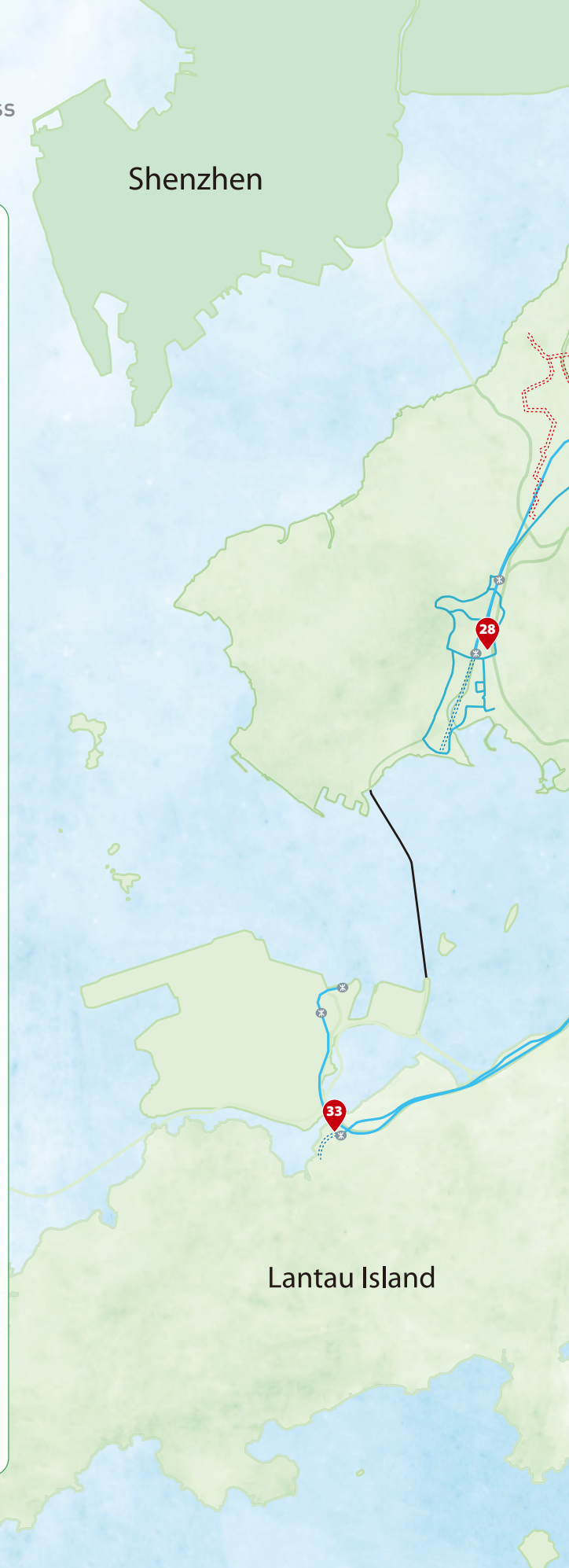
## Major Completed Properties in Hong Kong

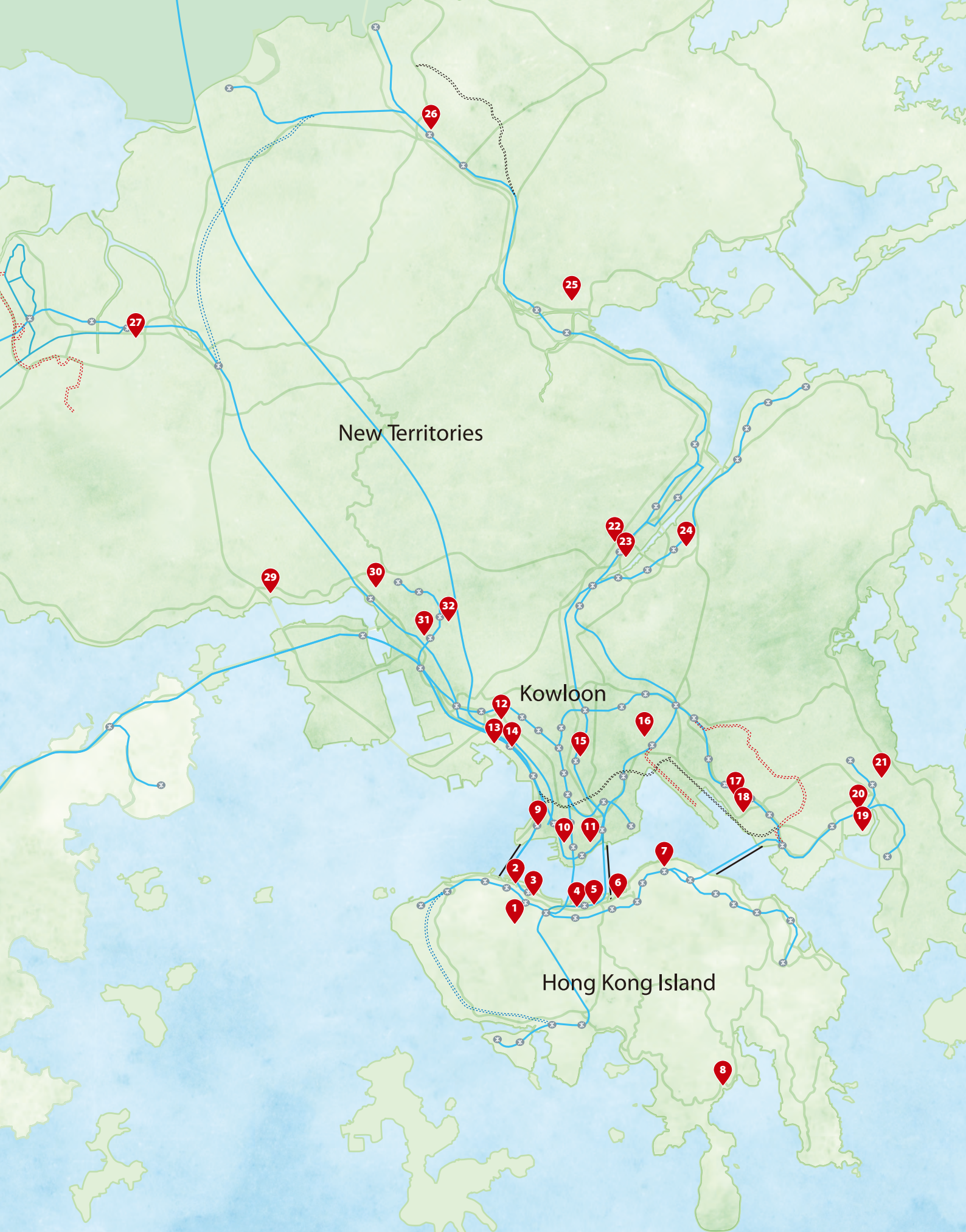
- Residential
- Shopping Centre/Shops
- Office
- Industrial<sup>(1)</sup>
- Hotel

District	Project Name	Usage
<b>Hong Kong Island</b>	1 Dynasty Court	<span style="color: #90EE90;">●</span>
	2 Four Seasons Hotel Hong Kong / Four Seasons Place	<span style="color: #FF00FF;">●</span>
	3 IFC / IFC Mall	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
	4 Central Plaza	<span style="color: #FFA500;">●</span>
	5 Sun Hung Kai Centre	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
	6 World Trade Centre / wwwtc mall	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
	7 Harbour North / Hyatt Centric Victoria Harbour Hong Kong	<span style="color: #0000FF;">●</span> <span style="color: #FF00FF;">●</span>
	8 Pacific View	<span style="color: #90EE90;">●</span>
<b>Kowloon</b>	9 ICC / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place / Sky100 Hong Kong Observation Deck	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span> <span style="color: #FF00FF;">●</span>
	10 The Sun Arcade	<span style="color: #0000FF;">●</span>
	11 The Royal Garden	<span style="color: #FF00FF;">●</span>
	12 Kerry Hung Kai Warehouse	<span style="color: #00CED1;">●</span>
	13 TOWNPLACE WEST KOWLOON	<span style="color: #FF00FF;">●</span>
	14 V Walk	<span style="color: #0000FF;">●</span>
	15 Grand Century Place / MOKO / Royal Plaza Hotel	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span> <span style="color: #FF00FF;">●</span>
	16 Miiki	<span style="color: #0000FF;">●</span>
	17 Millennium City Phases 1, 2, 5 & 6 / The Millennity / APM	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
	18 APEC Plaza	<span style="color: #00CED1;">●</span>
<b>New Territories East</b>	19 PopWalk Phases 1, 2 & 3 / Ocean PopWalk	<span style="color: #0000FF;">●</span>
	20 PopCorn / Crowne Plaza Hong Kong Kowloon East / Vega Suites	<span style="color: #0000FF;">●</span> <span style="color: #FF00FF;">●</span>
	21 East Point City	<span style="color: #0000FF;">●</span>
	22 Grand Central Plaza / HomeSquare	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
	23 New Town Plaza / New Town Tower / Royal Park Hotel	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span> <span style="color: #FF00FF;">●</span>
	24 ALVA Hotel by Royal	<span style="color: #FF00FF;">●</span>
	25 Tai Po Mega Mall	<span style="color: #0000FF;">●</span>
	26 Landmark North	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
<b>New Territories West</b>	27 YOHO Mall/YOHO MIX	<span style="color: #0000FF;">●</span>
	28 V City	<span style="color: #0000FF;">●</span>
	29 Royal View Hotel	<span style="color: #FF00FF;">●</span>
	30 Tsuen Wan Plaza	<span style="color: #0000FF;">●</span>
	31 Metroplaza	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
	32 KCC / Life@KCC	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span>
	33 Citygate / Novotel Citygate Hong Kong / The Silveri Hong Kong – MGallery	<span style="color: #0000FF;">●</span> <span style="color: #FFA500;">●</span> <span style="color: #FF00FF;">●</span>

- MTR
- - - - - MTR (potential future projects)
- - - - - Smart and Green Mass Transit Systems (under planning)
- Subsea Tunnel
- - - - - Major roads (under construction)

(1) Including industrial/office premises and godowns





## Mainland Property Business

### Highlights

- **Held an attributable land bank under development of 45.7 million square feet as at 30 June 2024**
- **Completed an attributable 1.5 million square feet of quality properties during the year, of which about 1.1 million square feet were properties for sale**
- **Achieved attributable contracted sales of about RMB11,000 million**
- **Attained a net rental income growth of 12% to RMB4,642 million from the Group's quality rental portfolio**

### Land Bank

The Group has long been committed to extending its professional expertise and experience accumulated in Hong Kong to the mainland market. Adhering to its Building Homes with Heart philosophy, the Group has continued to develop quality and eco-friendly properties in first-tier and leading second-tier cities on the mainland while providing reliable and trustworthy services to buyers and tenants.

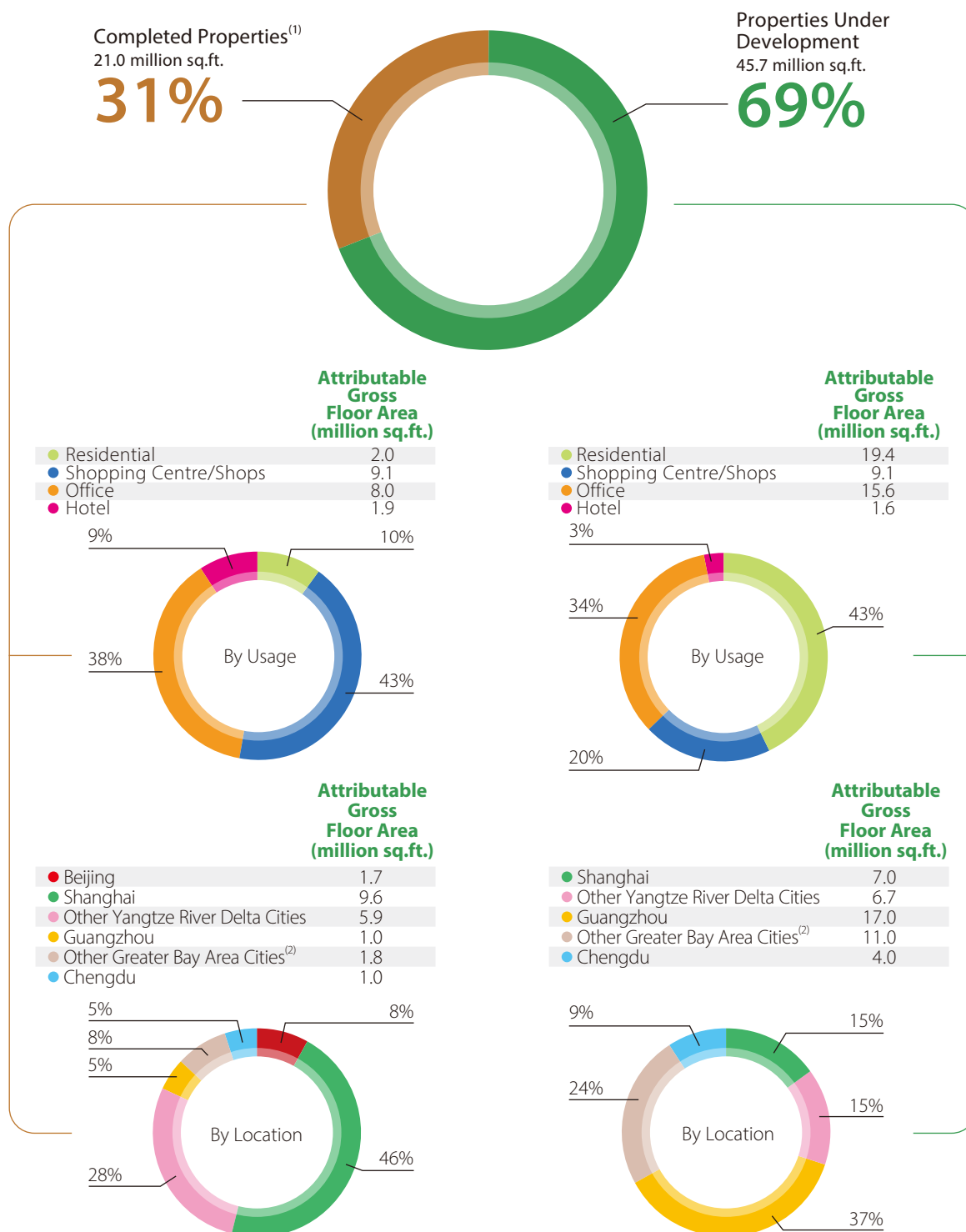
As at 30 June 2024, the Group's total attributable land bank on the mainland stood at 66.7 million square feet, of which 21.0 million square feet are completed properties for rental and long-term investment purposes. Most of these developments are located in major business hubs in first-tier and leading second-tier cities. Of these, over 40% are premium integrated projects in prime locations in Shanghai.

The remaining 45.7 million square feet were properties under development, of which over 50% will be developed into quality residential units and offices for sale. A majority of the properties under development will form part of the Group's integrated projects, which enjoy excellent connectivity via railway and metro lines. In terms of geographical distribution, about 30% and 60% of the properties under development are located in the Yangtze River Delta and GBA respectively.

As at 30 June 2024, the Group's land bank on the mainland by attributable gross floor area was as follows:

## Mainland Land Bank Composition

(66.7 million square feet of attributable gross floor area as at 30 June 2024)



(1) An overwhelming majority are for rent/investment

(2) Excluding Hong Kong

# Mainland Property Business

## Property Development



Hangzhou IFC, Hangzhou (Rendering)





*ITC, Shanghai*



## Property Development

During the year under review, the residential market on the mainland continued to adjust and consolidate. To support end-user and upgrader demand, the Central Government introduced a series of policies to facilitate homebuyers, in addition to launching special loans to ensure the delivery of pre-sold homes. These measures have helped restore buyer confidence and accelerate the process of destocking.

The Group recorded attributable contracted sales of RMB11,000 million on the mainland during the year, mainly contributed by two landmark projects, Phase 3 of the wholly-owned Shanghai Arch in Lujiazui, Shanghai and the third batch of the residential portion of the joint-venture Hangzhou IFC (River East) in Qianjiang New City CBD, Hangzhou. Sales response for the two projects was positive.

The Group remains positive about the medium- to long-term outlook of the mainland economy and will continue to keep abreast of times in developing premium and green projects that meet the rapidly changing needs of homebuyers and tenants on the mainland.

### Major Projects under Development

#### Shanghai & Yangtze River Delta

**ITC**  
**Xuhui, Shanghai**  
(100% owned)

Located in Xujiahui, one of the most distinctive central business districts in Shanghai, ITC stands as a premier multi-purpose complex. Immersed in rich historical and dynamic ambience, this iconic development spans 7.6 million square feet and comprises premium shopping malls, a five-star hotel and grade-A office buildings that meet high green and energy-efficiency standards.

Boasting exceptional transportation links, the project offers easy access to several metro lines. An extensive network of footbridges, weaving through the development and the surrounding areas, enhances the connectivity between the project and the neighbourhood. Upon completion, this project is set to enliven its surroundings in Xujiahui and add a prominent feature to the skyline of the city.



○ ITC, Shanghai





○ *Shanghai Arch, Shanghai*

The first two phases of the project, completed by 2018, included 490,000 square feet of premium office space and 380,000 square feet of trendy retail area. Development progress on Three ITC, the centrepiece of the development, has reached the final stage. Tower A of Three ITC, offering approximately 1.1 million square feet of grade-A office space, has been handed over to tenants since August 2022. For the leasing performance of the completed portion of ITC, please refer to page 79.

The remaining portion of Three ITC, including a 2.4 million-square-foot office skyscraper, a 2.6-million-square-foot shopping mall, ITC Maison, and a boutique hotel, Andaz Shanghai ITC, is now under construction and progressing well. The installation of curtain walls of the 370-metre-tall office skyscraper is nearly completed, with the whole tower scheduled for completion in 2025. Leasing activities of the shopping mall have commenced. For further information, please refer to page 80.

**Shanghai Arch**  
**Pu Ming Road, Lujiazui, Shanghai**  
*(100% owned)*

Shanghai Arch is a prominent riverside residential development in the Lujiazui Finance and Trade Zone, Shanghai. With an excellent location and exquisite design, the project has always been an example of prestigious living in the city. Residents of this project have the privilege of taking in the stunning views of the Bund and Huangpu River while also enjoying highly personalized and premium services.

The 1.7-million-square-foot project represents the Group's continued commitment to quality and excellence and is a testimony of how the Group extends its expertise to the high-



○ *TODTOWN, Shanghai*

end residential market on the mainland. The first two phases, with a combined gross floor area of about 1.2 million square feet, were virtually sold out and delivered before mid-2021.

In the first half of 2024, the Group launched the third phase and recorded an encouraging sales result. Over 200 premium residential units were snapped up by keen buyers and sold out on debut. Phase 3 of the project, providing a total gross floor area of about 460,000 square feet in four towers and several semi-detached houses, is expected to be handed over to buyers in financial year 2024/25.

**TODTOWN**  
**Minhang, Shanghai**  
*(35% owned)*

Embracing a modern and energetic lifestyle concept, TODTOWN is not only surrounded by thriving business and residential communities in the vicinity but also boasts excellent connectivity. The integrated transit-oriented development project is strategically situated atop the Xinzhuang interchange station, a vital transport hub in Southwest Shanghai connecting two metro lines and a railway line.

This extensive development covers a total gross floor area of over four million square feet, including 1.9 million square feet of high-quality apartments, a 1.4-million-square-foot upscale shopping mall, 500,000 square feet of office space, and a Hyatt Centric hotel. The development features diverse facilities such as vertical greenery, artistic parks and landscaped roof gardens with jogging trails. Upon completion, the project is expected to become a lively community with abundant green space and lifestyle amenities in the heart of the Xinzhuang business hub.

## Property Development

Phase 1 of the project, encompassing about 600,000 square feet of residential space, was virtually sold out and handed over to buyers in 2020. Phase 2, spanning approximately 800,000 square feet in two towers, has been launched onto the market with satisfactory response. The units were handed over to buyers in the first half of 2024 and were adored for their expansive urban views.

### **Hangzhou IFC** **Qianjiang New City CBD, Hangzhou** *(50% for River West; 45% for River East)*

Sitting at the core waterfront area of Qianjiang New City CBD, Hangzhou IFC is a joint-venture integrated development comprising two riverside sites at the intersection of the Qiantang River and the Beijing-Hangzhou Grand Canal. This mega project spans approximately nine million square feet of total above-ground gross floor area and is set to be a new landmark reshaping the city's skyline.

Boasting breathtaking river views and verdant landscaping, the development features premium offices, retail space, residences, serviced apartments and hotels, alongside a spacious central park that makes the environment tranquil and lush. The two sites are seamlessly connected by elegantly designed pedestrian bridges that enhance both the accessibility of the project and aesthetics of the landscape. Conveniently located adjacent to stations of two existing metro lines and a third one under construction, and about a 15-minute drive from Hangzhou East Railway Station, the development enjoys access to a convenient urban and inter-city transportation network.

Hangzhou IFC has incorporated green and smart technologies into its design and building solutions in alignment with the city's transition into a digital economic hub. The project has obtained the LEED Platinum pre-certification for Cities and Communities: Plan and Design Communities, reflecting its commitment to sustainability and excellence in promoting the use of green technology. The Group collaborates with a leading vendor on the mainland to design cutting-edge smart solutions for the project, aiming to offer a top-notch experience to tenants and users.



○ Hangzhou IFC, Hangzhou

(Rendering)

Phase 1 of River East, the residential portion, is being developed in three batches. The first two batches launched in mid-2022, containing nearly 300 premium residential units across a total gross floor area of about 580,000 square feet, were sold out on debut. Comprising over 350 premium residences across 800,000 square feet, the third batch of the project also saw tremendous success with all units promptly sold out when launched in the second half of 2023. The handover of these units is expected to start in batches from financial year 2025/26.

Phase 1 of River West will provide premium office space of over 380,000 square feet. Pre-leasing response has been positive, with the delivery of this office tower scheduled in financial year 2025/26. Comprising a total gross floor area of over 230,000 square feet, Phase 2A of River West will offer about 60 exquisitely designed units with panoramic river views and exclusive management services. These units are expected to be launched in the first half of 2025.

**Suzhou Project**  
**Yuanqu, Suzhou**  
*(90% owned)*

Spanning a combined gross floor area of approximately 3.5 million square feet, the project consists of three primary sections, including Suzhou ICC, Lake Genève, and the Four Seasons Hotel Suzhou. Residents and tenants from all three sections are presented with scenic lake views from different angles as well as comprehensive and dedicated services.

The 930,000-square-foot Lake Genève is a low-density residential development sitting on the southern bank of Jinji Lake, providing a sense of exclusivity within an elegant living environment. The project strikes a balance between urban excitement and tranquil seclusion, with a metro station conveniently located just a 10-minute walk away. With over 120 detached houses spanning across a gross floor area of 500,000 square feet, Phase 1 of the project was virtually sold out and handed over before 2013. Phase 2A, already completed, contains 74 detached houses across a total gross floor area of about 270,000 square feet. It is scheduled to be put on the market in financial year 2024/25.

Also situated on the southern bank of Jinji Lake, Four Seasons Hotel Suzhou, offering some 200 suites and villas, opened in late 2023. For more information of the hotel, please refer to page 87.



○ Suzhou ICC, Suzhou

*(Rendering)*

Suzhou ICC, sitting on the eastern bank of Jinji Lake, is a mixed-use 300-metre skyscraper providing a total gross floor area of nearly two million square feet in the vibrant Yuanqu CBD in Suzhou. Offering panoramic lake views, the complex also boasts a convenient transportation network with proximity to stations of a metro line and a high-speed rail line. Already topped out, the project encompasses one million square feet of quality office space, a shopping mall of nearly 350,000 square feet, and the 590,000-square-foot Suzhou ICC Residence, which was launched for sale in the first half of 2024. These premium residences, a majority of which with lake views, are expected to be handed over to buyers in financial year 2025/26.

## Property Development

### Guangzhou & Other Greater Bay Area Cities <sup>(1)</sup>

#### Guangzhou South Station ICC

##### Panyu, Guangzhou

(100% owned)

Guangzhou South Station ICC is a mega transit-oriented development with seamless connection to Guangzhou South Railway Station, a major transportation hub in the GBA. The integrated development has exceptional accessibility and connectivity with direct links to an extensive network of 12 lines, including High Speed Rail and intercity metro lines.

The 9.3-million-square-foot project is being developed in phases with a station-city integration concept. It consists of over four million square feet of office space, three million square feet of quality residential units and apartments, an upscale shopping mall of over one million square feet and a premium hotel. A maximum 57% of the total floor area can be offered for sale, while the remaining area will be held for rental and long-term

investment purpose. Once completed, the project is expected to serve multiple roles as a thriving living community, a vibrant commercial district and a crucial transportation node.

Forest Park, the residential portion of the project situated along a serene river, is being built with an overwhelming majority of its residential units blessed with expansive scenery. The community will feature a fully covered pedestrian walkway that links up all the towers spreading across a well-designed landscaped garden, bringing residents convenience and a sense of leisure. Providing residential floor area of about 200,000 square feet in two towers, some 180 quality units at Phase 1A were launched in the second quarter of 2023. These units are expected to be handed over in the first half of 2025. In financial year 2024/25, the Group will launch one tower at Phase 1B which contains over 100 units with a total gross floor area of about 140,000 square feet.

(1) Excluding Hong Kong



○ Forest Park at Guangzhou South Station ICC, Guangzhou

(Rendering)



○ Park Royale, Guangzhou

**Park Royale**  
**Huadu, Guangzhou**  
*(100% owned)*

Park Royale is a quality residential development nestled in Huadu, Guangzhou. Overlooking panoramic views of Hong Xiuquan Reservoir and Wangzi Mountain Forest Park, the project provides a serene environment with comprehensive recreational amenities. The residence is a 20-minute drive from Guangzhou North Station, a transportation hub with high-speed rail and metro lines offering convenient transportation access to other parts of Guangzhou.

The project covers a total gross floor area of about eight million square feet, over half of which were completed and handed over to buyers by mid-2020. Phase 3A, consisting of about 500 quality residential units in three towers, covers more than 470,000 square feet of gross floor area. One of the towers was put on the market in the second half of 2023 with satisfactory response, with delivery of these units started in July 2024. Buyers were impressed with the picturesque views and comprehensive clubhouse amenities. The remaining two towers are slated for launch in batches in financial year 2024/25.

The subsequent Phase 3B under construction will feature around 900 units across five towers, totalling around 900,000 square feet of gross floor area.

**Qingsheng Project**  
**Nansha, Guangzhou**  
*(100% owned)*

Qingsheng Project, a mixed-use transit-oriented development, is strategically located in the Nansha Free Trade Zone of Guangzhou. The development boasts seamless connection to an interchange station of an existing metro line, a planned metro line as well as an existing high-speed rail line which can reach the High Speed Rail West Kowloon Terminus in Hong Kong within an hour. The increasing frequency of high-speed rail from 2023 further enhances the project's connectivity to other cities in the GBA. A public transport interchange built by the Group, which is integrated within the project, is expected to be delivered to the local government in the second half of 2024, further enhancing intra-city transport accessibility.

Spanning over three million square feet, the project is being developed into quality office and retail space in phases. The first phase comprises a 430,000-square-foot four-storey shopping mall with spacious green areas and interactive space for shoppers. In the long term, the project will capitalize on the growth opportunities arising from the GBA initiative and the rising demand from this emerging area.

**Oriental Bund**  
**Chancheng, Foshan**  
*(50% owned)*

Oriental Bund is a large-scale development in urban Foshan that provides residents with a modern living environment with an increasingly mature retail network and ample educational facilities. Located within the one-hour living radius of Guangzhou, the project benefits from the thriving business opportunities arising from the accelerated integration of the GBA.

Spanning a total gross floor area of about 28 million square feet, the project is being developed in phases. The first five phases, with a total gross floor area of about 12 million square feet, were virtually sold out and handed over to buyers before mid-2023.

Remaining phases of the project will provide a total gross floor area of about 16 million square feet. Phase 6 of the project is composed of fourteen residential towers, providing over 1,500 residential units with a total gross floor area of about 1.9 million square feet, of which eight towers have been launched and well received by the market.

## Property Development



○ *The Woodland, Zhongshan*

### **The Woodland** **Zhongshan 5 Road, Zhongshan** *(Joint venture)*

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The Woodland is a residential development located in the heart of Zhongshan. It enjoys convenient connectivity to other GBA cities through an extensive transportation network, including the Hong Kong-Zhuhai-Macao Bridge. The Shenzhen-Zhongshan Link, which commenced operations in June 2024, further enhances the project's accessibility. A metro line directly connected to the Link, with a new station located near the project, is under construction.

Out of the project's total gross floor area of over five million square feet, about 4.7 million square feet were completed by the end of 2020, with units virtually sold out and handed over. The latest Phase 5B comprises street shops and about 580 residential units in five towers with a residential gross floor area of about 690,000 square feet. Four residential towers in this phase have been launched. Units sold were delivered to buyers during the year under review, while the remaining tower is scheduled for sale in financial year 2024/25.

The preliminary planning of Phase 6, the final phase of the project, has been approved. It features low-rise residential buildings with a private garden for each unit, offering an exclusive, high-quality urban living experience.



○ *Grand Waterfront, Dongguan*

### **Grand Waterfront** **Shilong, Dongguan** *(100% owned)*

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Situated in the heart of Shilong, Dongguan, Grand Waterfront is a large-scale residential development providing approximately 4.5 million square feet of quality dwellings. The project is just a 15-minute drive to Dongguan Station, a major transportation hub where high-speed rail, metro and bus services converge. This waterfront project, complemented by an 800-metre-long greenbelt riverside promenade, offers sweeping views of the Dongjiang and Shahe rivers. Residents can enjoy a relaxing and natural lifestyle, served by an infinity pool and spacious landscaped gardens.

The first two phases, comprising a total gross floor area of over 1.8 million square feet, were almost fully sold and transferred to buyers prior to 2018. Phase 3 introduces over 1,100 residential units across six towers, adding up to over one million square feet. Five towers at Phase 3 have been put on the market in batches, appealing to young buyers, with the units handed over to buyers starting from the second half of 2022. The Group will put the remaining tower on the market in financial year 2024/25.

## Other Cities

### JOVOTOWN

#### Tianfu New Area, Chengdu

(91% owned)

Located in Tianfu New Area, the southern part of Chengdu, JOVOTOWN is a residential development consisting of over 4,000 quality units with a total gross floor area of nearly 6.8 million square feet. Around 5.8 million of total gross floor area were virtually sold out and handed over before end-2022. This residential enclave is within a 10-minute walk to an interchange station with two existing metro lines, one of which provides direct access to Tianfu International Airport.

Phase 3B, the last phase of the project currently in the planning stage, will provide over 500 residential apartments with a total gross floor area of over 800,000 square feet.

### Chengdu ICC

#### Jinjiang, Chengdu

(40% owned)

The 14-million-square-foot Chengdu ICC is an integrated development comprising nearly eight million square feet of quality residence, 1.5 million square feet of retail space, four million square feet of office space and a hotel, which combine to create a vibrant community that integrates dwelling, working, shopping, entertainment and leisure activities. The project enjoys a convenient transportation network, sitting atop an interchange station of two existing metro lines and within a 10-minute drive to the Chengdu East Rail Station, a transportation node for both intra- and inter-city travel.

The first two phases of the project provide approximately 3.3 million square feet of residential space, which were virtually sold out and handed over to buyers by mid-2022. The lush scenery of Tazishan Park, serene ambiance of the Shahe River and the vibrant community have provided buyers with a living style that combines the hustle-and-bustle with tranquility.



○ Chengdu ICC, Chengdu

The 1.4 million-square-foot Chengdu ICC shopping mall in Phase 3 opened in 2022 and meets the daily shopping and leisure needs of the community. One ICC in Phase 4A, the first office tower, comprising nearly one million square feet, was handed over to tenants in financial year 2022/23. The other office tower, Two ICC in Phase 4B, will provide about 1.3 million square feet of floor area upon its completion.

## Property Development

### Projects under Development on the Mainland by Year of Completion

Project	Project Name	City	
<b>Scheduled for Completion in FY2024/25</b>			
(1)	Pu Ming Road Project Phase 3	Shanghai Arch	Shanghai
(2)	Minhang Project Phase 3	TODTOWN	Shanghai
(3)	Guangzhou South Railway Station Project Phases 1A & 1B	Forest Park	Guangzhou
(4)	Shiling Project Phase 3A	Park Royale	Guangzhou
(5)	Chancheng Project Phase 6B	Oriental Bund	Foshan
(6)	Dongda Avenue Project Phase 4B	Two ICC, Chengdu ICC	Chengdu
<b>Year Total:</b>			
<b>Scheduled for Completion in FY2025/26</b>			
(7)	Xujiahui Centre Project Phases 3B, 3C & 3D	ITC	Shanghai
(8)	Jianghehui Project (River East) Phase 1	Hangzhou IFC	Hangzhou
(9)	Jianghehui Project (River West) Phase 1	Hangzhou IFC	Hangzhou
(10)	Suzhou Project Phases 4, 5 & 6	Suzhou ICC	Suzhou
(11)	Chancheng Project Phase 6C	Oriental Bund	Foshan
<b>Year Total:</b>			
<b>Scheduled for Completion in FY2026/27</b>			
(12)	Minhang Project Phase 4	TODTOWN	Shanghai
(13)	Jianghehui Project (River East) Phase 2	Hangzhou IFC	Hangzhou
(14)	Jianghehui Project (River West) Phase 2	Hangzhou IFC	Hangzhou
(15)	Guangzhou South Railway Station Project Phase 2	Guangzhou South Station ICC	Guangzhou
<b>Year Total:</b>			
<b>Major Projects Scheduled for Completion in FY2027/28 or Beyond</b>			
(16)	Minhang Project remaining phases	TODTOWN	Shanghai
(17)	Jianghehui Project remaining phases <sup>(2)</sup>	Hangzhou IFC	Hangzhou
(18)	Suzhou Project remaining phases		Suzhou
(19)	Taihu New City Project remaining phase	Taihu International Community	Wuxi
(20)	Shiling Project remaining phases	Park Royale	Guangzhou
(21)	Guangzhou South Railway Station Project remaining phases <sup>(2)</sup>	Guangzhou South Station ICC	Guangzhou
(22)	Nansha Qingsheng Project <sup>(2)</sup>		Guangzhou
(23)	Chancheng Project remaining phases	Oriental Bund	Foshan
(24)	Shilong Project remaining phases	Grand Waterfront	Dongguan
(25)	Zhongshan 5 Road Project Phase 6	The Woodland	Zhongshan
(26)	Shuangliu District Project remaining phases	JOVOTOWN	Chengdu
(27)	Dongda Avenue Project remaining phases	Chengdu ICC	Chengdu
Others			
<b>Total for Major Projects Scheduled for Completion in FY2027/28 or Beyond:</b>			

(1) Gross floor area including basement retail area; Residential area including serviced apartments

(2) Breakdown of the gross floor area is subject to further amendment

(3) The Group has a 45% and 50% interest in the River East and River West sites respectively

(4) The Group has a 50% interest in the project



Attributable Gross Floor Area (square feet) <sup>(1)</sup>					
Group's Interest (%)	Residential	Shopping Centre/Shops	Office	Hotel	Total
100	465,000	–	–	–	465,000
35	–	–	188,000	–	188,000
100	347,000	–	–	–	347,000
100	477,000	–	–	–	477,000
50	245,000	–	–	–	245,000
40	–	–	525,000	–	525,000
	<b>1,534,000</b>	<b>–</b>	<b>713,000</b>	<b>–</b>	<b>2,247,000</b>
100	–	2,640,000	2,573,000	375,000	5,588,000
45	620,000	–	–	–	620,000
50	–	–	192,000	–	192,000
90	531,000	309,000	926,000	–	1,766,000
50	423,000	–	–	–	423,000
	<b>1,574,000</b>	<b>2,949,000</b>	<b>3,691,000</b>	<b>375,000</b>	<b>8,589,000</b>
35	–	232,000	–	–	232,000
45	–	549,000	1,289,000	–	1,838,000
50	115,000	55,000	–	–	170,000
100	–	215,000	1,111,000	–	1,326,000
	<b>115,000</b>	<b>1,051,000</b>	<b>2,400,000</b>	<b>–</b>	<b>3,566,000</b>
35	155,000	270,000	–	75,000	500,000
JV <sup>(3)</sup>	–	484,000	989,000	201,000	1,674,000
90	145,000	–	–	192,000	337,000
40	–	–	–	143,000	143,000
100	3,945,000	4,000	–	–	3,949,000
100	2,600,000	1,186,000	3,554,000	323,000	7,663,000
100	–	861,000	2,401,000	–	3,262,000
50	5,263,000	1,383,000	925,000	109,000	7,680,000
100	1,507,000	–	–	–	1,507,000
JV <sup>(4)</sup>	24,000	–	–	–	24,000
91	802,000	–	–	–	802,000
40	1,768,000	143,000	589,000	147,000	2,647,000
	–	752,000	385,000	–	1,137,000
	<b>16,209,000</b>	<b>5,083,000</b>	<b>8,843,000</b>	<b>1,190,000</b>	<b>31,325,000</b>

# Property Development

## Major Mainland Projects

- Residential
- Shopping Centre/Shops
- Office
- Hotel

City	Project Name	Usage
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◆ Major Completed Projects

◆ Major Projects Under Development

<b>Beijing</b>	1 <span style="color: #808080;">◆</span> Beijing APM / Beijing APM Office Tower	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span>
	2 <span style="color: #808080;">◆</span> New Town Plaza	<span style="color: #0070C0;">●</span>
<b>Shanghai &amp; Yangtze River Delta</b>		
<b>Shanghai</b>	3 <span style="color: #808080;">◆</span> Arcadia	<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span>
	4 <span style="color: #808080;">◆</span> Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
	5 <span style="color: #808080;">◆</span> Shanghai ICC / IAPM	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span>
	6 <span style="color: #808080;">◆</span> Shanghai Central Plaza	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span>
	7 <span style="color: #808080;">◆</span> One ITC / Two ITC / Three ITC (Tower A)	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span>
	<span style="color: #4DB6AC;">◆</span> ITC	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
	8 <span style="color: #4DB6AC;">◆</span> Shanghai Arch	<span style="color: #92D050;">●</span>
	9 <span style="color: #4DB6AC;">◆</span> TODTOWN	<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
	<b>Hangzhou</b>	10 <span style="color: #808080;">◆</span> Hangzhou MIXC / Park Hyatt Hangzhou
11 <span style="color: #4DB6AC;">◆</span> Hangzhou IFC		<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
<b>Nanjing</b>	12 <span style="color: #808080;">◆</span> Nanjing One IFC / Nanjing Two IFC / Nanjing IFC Mall / Andaz Nanjing Hexi	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
<b>Suzhou</b>	13 <span style="color: #4DB6AC;">◆</span> Suzhou ICC	<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span>
	14 <span style="color: #4DB6AC;">◆</span> Lake Genève	<span style="color: #92D050;">●</span>
	<span style="color: #808080;">◆</span> Four Seasons Hotel Suzhou	<span style="color: #E91E63;">●</span>
<b>Wuxi</b>	15 <span style="color: #808080;">◆</span> Wuxi MIXC	<span style="color: #0070C0;">●</span>
	<span style="color: #4DB6AC;">◆</span> Taihu International Community	<span style="color: #E91E63;">●</span>
<b>Guangzhou &amp; Other Greater Bay Area Cities<sup>(1)</sup></b>		
<b>Guangzhou</b>	16 <span style="color: #808080;">◆</span> Parc Central	<span style="color: #0070C0;">●</span>
	17 <span style="color: #808080;">◆</span> IGC / Conrad Guangzhou	<span style="color: #0070C0;">●</span> <span style="color: #E91E63;">●</span>
	18 <span style="color: #4DB6AC;">◆</span> Park Royale	<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span>
	19 <span style="color: #4DB6AC;">◆</span> Guangzhou South Station ICC	<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
	20 <span style="color: #4DB6AC;">◆</span> Nansha Qingsheng Project	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span>
<b>Foshan</b>	21 <span style="color: #808080;">◆</span> Nanhai Plaza	<span style="color: #0070C0;">●</span>
	22 <span style="color: #4DB6AC;">◆</span> Oriental Bund	<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
<b>Dongguan</b>	23 <span style="color: #4DB6AC;">◆</span> Grand Waterfront	<span style="color: #92D050;">●</span>
<b>Zhongshan</b>	24 <span style="color: #4DB6AC;">◆</span> The Woodland	<span style="color: #92D050;">●</span>
<b>Other Cities</b>		
<b>Chengdu</b>	25 <span style="color: #808080;">◆</span> Chengdu ICD / One ICC	<span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span>
	<span style="color: #4DB6AC;">◆</span> Chengdu ICC	<span style="color: #92D050;">●</span> <span style="color: #0070C0;">●</span> <span style="color: #FF8C00;">●</span> <span style="color: #E91E63;">●</span>
	26 <span style="color: #4DB6AC;">◆</span> JOVOTOWN	<span style="color: #92D050;">●</span>

(1) Excluding Hong Kong



Beijing



Shanghai



Nanjing



Wuxi



Suzhou



Shanghai



Hangzhou



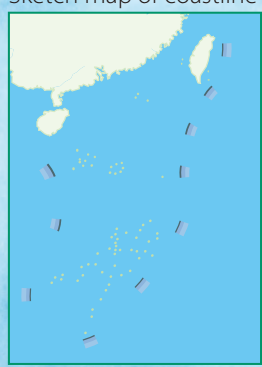
Chengdu



Guangzhou



Sketch map of coastline



# Mainland Property Business

## Property Investment



Nanjing IFC Mall, Nanjing





Shanghai IFC, Shanghai



## Property Investment



○ Shanghai IFC Mall, Shanghai

The Group owns a diverse portfolio of completed properties for investment purpose at prime locations in major cities. With premium building specifications, outstanding green building standards and easy access to public transportation, this portfolio continues to provide steady recurrent income for the Group.

Inclusive of contributions from joint-ventures and associates, and additional income from newly completed projects, the Group's gross rental income derived from its rental portfolio on the mainland grew 12% to RMB5,822 million, while net rental income rose 12% to RMB4,642 million during the year under review. The mild decrease in office rental income was offset by positive rental reversions and additional contributions from the retail portfolio.

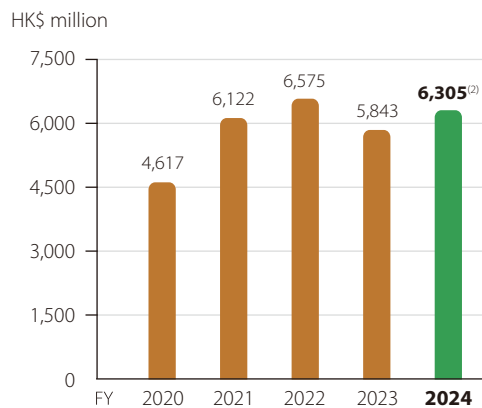
### Completed Properties Shopping Centres

The Group's premium shopping malls, comprising about nine million square feet of gross floor area in attributable terms, represent a key component of its footprint on the mainland. This premium portfolio continues to maintain satisfactory occupancy, built upon the Group's core strength of providing quality products and superior services to tenants as well as customers. A majority of the properties in this portfolio are podium malls of large-scale integrated developments in prime locations or with excellent transport connectivity. Many of those properties provide direct all-weather access to metro stations and ample car parking spaces, as well as complementary offerings from office towers, hotels and residences within the same complex.

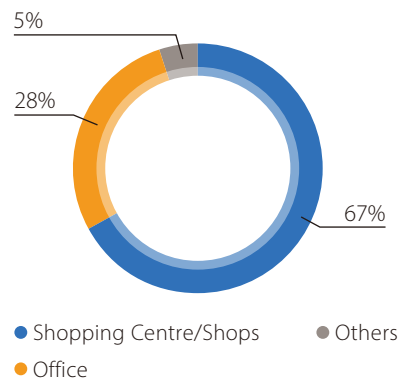
Shanghai IFC Mall, which consists of some 1.2 million square feet of retail space and houses over 260 top-tier international retailers and restaurants, is a testimony of the Group's success in bringing notable brands and award-winning restaurants under one roof. During the year, the mall continued to register high occupancy. A renowned fashion brand is undergoing an expansion programme in the mall, which is a vote of confidence in the Group and cements the distinctive market position of the mall. As a go-to place for a shopping spree, Shanghai IFC Mall constantly inspires customers with its unique product offerings and creative marketing activities. Apart from displaying a digital art piece by a world-famous artist on an LED screen, the mall, in cooperation with tenants, leveraged its open terrace and atrium to organize workshops and performances, including an exclusive symphony concert. Boasting diversified culinary options ranging from highly sought-after cafes to Black Pearl restaurants, the mall also offers convenient and pleasant dining experiences to tenants of Shanghai IFC offices and travellers at The Ritz-Carlton Shanghai, Pudong, both situated within the same complex. Please refer to page 79 for more details of Shanghai IFC offices.

Spanning over one million square feet, the nine-storey Nanjing IFC Mall, which soft opened in January 2024, is the latest addition to the Group's extensive shopping mall network. The Group mimics the success of Shanghai IFC Mall and introduces an array of notable international brands, new concept stores and duplex flagships with VIP lounges in the new mall. Some of

### Gross Rental Income on the Mainland<sup>(1)</sup>



### Gross Rental Income on the Mainland by Sector<sup>(1)</sup>



(1) Including contributions from associates and joint ventures

(2) Gross rental income in terms of RMB amounted to RMB5,822 million



○ Nanjing IFC Mall, Nanjing

# Property Investment

the retailers are new to Nanjing. Additionally, the mall offers a broad range of gourmet selections from popular cafes to renowned restaurants operated by award-winning teams from Michelin-starred and Black Pearl eateries. The open space allows a few restaurants to set up outdoor seating areas, creating great dining atmosphere for shoppers. With its fluid layout, innovative exterior facade and western-garden-themed interior design, the mall has impressed customers and rejuvenated the Hexi business hub in Nanjing. Marked by a grand opening in July 2024, the mall has gone beyond its complementary role for office towers and the Andaz Nanjing Hexi hotel within the same Nanjing IFC complex to establish itself as a brand-new focal point that draws visitors pursuing an unconventional shopping experience and a modern metropolitan lifestyle.

Similarly situated at key locations in major cities, the Group's other completed malls on the mainland distinguished themselves and demonstrated resilience in a competitive retail landscape, thanks to their proactive management approaches and distinctive market positioning.

Comprising over 1.3 million square feet of retail space on Middle Huaihai Road in Puxi, Shanghai, IAPM within the Shanghai ICC complex is a recognized trend-setter in the market. Known for its chic restaurants, modern fashion and exciting entertainment, the mall constantly attracts urban professionals and trendy shoppers. The introduction of multiple first stores and pop-up stores has further buttressed the mall's unique market positioning. Creative marketing activities, such as a music world incorporating interactive technology, bring memorable moments for shoppers during various festivals. Please refer to page 79 for more details of office towers at Shanghai ICC.



○ IAPM, Shanghai



○ Parc Central, Guangzhou

Spanning about one million square feet, Beijing APM at Wangfujing business district in the capital demonstrates the Group's relentless efforts to bring freshness and excitement to shoppers. The mall hosted a series of pop-up stores and exhibitions during the year, while considerable efforts were made to introduce a big number of trendy international brands and local specialty brands into its lower-zone retail area.

In addition to bringing popular new tenants and trades into its malls, the Group constantly enhances their outdoor areas to increase attractiveness and draw footfall. These efforts have been well-demonstrated in Parc Central and IGC, the Group's joint-venture shopping malls in Guangzhou. Parc Central, with its multi-layered green landscape, offers ample open space that integrates shopping, leisure and interactive social activities. In view of the growing demand for pet-friendly space and services, a Pet Party market was recently held in the rooftop garden of Parc Central for the first time, while Chill Pets Garden opened on the rooftop of IGC during the year.

Furthermore, the Group capitalized on its sizeable retail portfolios in both Hong Kong and on the mainland to create business opportunities through cross-mall collaborations. IGC in Guangzhou teamed up with several SHKP malls in Hong Kong to launch cross-border spending rewards. Exclusive sightseeing and shopping tours have been offered to its VIP customers, providing one-stop entertainment and shopping privileges.





○ Shanghai IFC, Shanghai

### Offices

The Group's grade-A offices on the mainland are mostly part of large-scale integrated developments in prime locations of major cities, complemented by shopping malls and hotels within the same complex. Many office projects enjoy excellent transport connectivity, allowing tenants to access the office lobbies via covered walkways from nearby metro stations. Their premium building quality, professional management services, and high sustainability standards continue to appeal to multinational and domestic corporations. With keen competition amid a challenging operating environment, occupancies of the Group's office buildings remained relatively stable during the year.

The Shanghai IFC complex is a landmark integrated project in the heart of Lujiazui in Pudong, Shanghai that includes offices, a shopping mall, a five-class hotel and serviced suites. Shanghai IFC offices boast outstanding management service and high ESG achievement, having obtained LEED Platinum certification. The achievements, together with its geographical advantages and high specifications, helped the development attract and retain numerous global financial institutions and multinational corporations. The Group's office towers at Shanghai IFC maintained relatively high occupancy during the year. Please refer to page 77 for more details of Shanghai IFC Mall.

Located in the Puxi commercial core, Shanghai ICC complex, comprising office towers, an upscale shopping mall and premium residences, enjoys transportation convenience brought by three subway lines. In addition to highly-rated office quality and excellent transport connectivity, Shanghai ICC office tenants enjoy a wide range of complementary amenities. The office houses well-known multinationals and domestic corporations from various industries. Please refer to page 78 for more details of IAPM.

The Group is developing the ITC mega project in central Xujiahui, Shanghai. The completed grade-A offices, namely One ITC, Two ITC and Tower A of Three ITC, total about 1.6 million square feet. Tower A of Three ITC has earned LEED Platinum certification while both office towers at Three ITC have obtained a WELL pre-certification. The first two phases of ITC office towers were virtually fully let, while Tower A of Three ITC, comprising about 1.1 million square feet of gross floor area, achieved committed occupancy of over 70%. Please refer to page 80 for more details of the remaining phase of ITC.

Aside from its strong presence in Shanghai, the Group owns premium offices in key locations of other major cities including Beijing APM Office Tower in Beijing and the two office towers of Nanjing IFC. Despite the Group has put efforts to enhance its service quality, their occupancies came under pressure during the year amid uncertain economic outlook and fierce competition.



○ Tower B of Three ITC, Shanghai

## Property Investment

### Major Completed Property Investment on the Mainland

Project	Location	Lease Expiry	Group's Interest (%)
<b>Beijing</b>			
Beijing APM / Beijing APM Office Tower	138 Wangfujing Dajie, Beijing	2044	100
New Town Plaza	Building 18, Fangguyuan Zone 1, Fangzhuang, Beijing	2033	100
<b>Shanghai &amp; Yangtze River Delta</b>			
Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	8 Century Avenue, Lujiazui, Shanghai	2055	100
Shanghai ICC / IAPM	999 Middle Huaihai Road, Shanghai	2056	100
One ITC	1901 Huashan Road, Shanghai	2054/2064	100
Two ITC	160 Gongcheng Road, Shanghai	2054/2064	100
Three ITC (Tower A)	183 Hongqiao Road, Shanghai	2054/2064	100
Shanghai Central Plaza	381 Middle Huaihai Road, Shanghai	2044	80
Arcadia	88 Guang Yuan Xi Road, Shanghai	2064	100
Hangzhou MIXC / Park Hyatt Hangzhou	Qianjiang New City, Hangzhou	2046/2049/2056	40
Nanjing One IFC / Nanjing Two IFC / Nanjing IFC Mall / Andaz Nanjing Hexi	347 Jiangdong Middle Road / 111 Hexi Street / 345 Jiangdong Middle Road / 108 Bailongjiang East Street, Jianye District, Nanjing	2048	100
Four Seasons Hotel Suzhou	88 Four Seasons Boulevard, Suzhou	2047	90
Wuxi MIXC	Taihu New City, Wuxi	2046	40
<b>Guangzhou &amp; Other Greater Bay Area Cities<sup>(1)</sup></b>			
Parc Central	218 Tianhe Road, Guangzhou	2050	50
IGC / Conrad Guangzhou	222 Xingmin Road, Guangzhou	2051	33.3
Nanhai Plaza	Nanhai Avenue, Foshan	2045	100
<b>Chengdu</b>			
One ICC / Chengdu ICD	577 Dongda Road, Jinjiang District, Chengdu	2048	40

(1) Excluding Hong Kong

### Major Properties under Development

With confidence in the long-term prospects on the mainland, the Group continues to focus on developing existing projects in first-tier and leading second-tier cities on the mainland. Selected integrated developments currently under construction at strategic locations in major cities are scheduled for completion in phases in the next two to three years, adding new contributions to the Group's recurrent income.

Construction of Three ITC, the most iconic portion of the ITC mega project in Xujiahui, Shanghai, has come to its final stage. Scheduled for completion in phases from 2025 onwards, the remaining portion of Three ITC includes a 370-metre office skyscraper Tower B, a flagship mall ITC Maison, and a hotel Andaz Shanghai ITC. The Group has incorporated new concepts into the

development to present a smart office environment. Tower A and Tower B have obtained Platinum certification and pre-certification from LEED respectively, equipping them to meet stringent requirements of multinational tenants on building specifications and green standards.

ITC Maison, the flagship shopping mall covering some 2.6 million square feet of prime retail space, will be built utilizing innovative concepts and design. Setting a new precedent for the district, ITC Maison will feature an extensive outdoor deck and landscaped area integrated with the surrounding business community via footbridges. The ground-level plaza will function as a major public realm where large-scale events can be hosted, providing innovative indoor-outdoor retail experiences. Featuring enticing new retail formats and immersive experiences, the mall will

Attributable Gross Floor Area (square feet)				
Residential	Shopping Centre/Shops	Office	Hotel	Total
–	1,036,000	458,000	–	1,494,000
–	225,000	–	–	225,000
–	1,220,000	1,572,000	940,000	3,732,000
–	1,307,000	1,296,000	–	2,603,000
–	338,000	170,000	–	508,000
–	43,000	321,000	–	364,000
–	–	1,127,000	–	1,127,000
–	106,000	366,000	–	472,000
304,000	27,000	–	–	331,000
–	744,000	205,000	176,000	1,125,000
–	1,085,000	1,999,000	360,000	3,444,000
–	–	–	297,000	297,000
–	631,000	–	–	631,000
–	431,000	–	–	431,000
–	332,000	–	149,000	481,000
–	640,000	–	–	640,000
–	549,000	396,000	–	945,000

become an irresistible destination for locals and visitors with its collection of flagship stores of top-notch brands and a broad range of retailers across various trades and lifestyle categories. Marketing is underway with encouraging initial response. The mall is expected to open in phases from late 2025 onwards.

The Group is also developing a large-scale development, Hangzhou IFC, in Qianjiang New City CBD in Hangzhou. Comprised of two riverside sites, the project will provide high-quality office space, retail areas, residential units, serviced apartments and hotel facilities with a total above-ground gross floor area of about nine million square feet. About 50% of the project can be sold and the rest will be retained for long-term rental and investment purposes. Connectivity within this joint-venture project has been improved with the completion of a key

pedestrian bridge linking up the two sites recently. Committed to developing sustainable properties, the Group has obtained LEED Platinum pre-certifications for the office towers retained for rental and long-term investment. Marketing of a grade-A office tower at River West will kick-start soon. Catering to the rising demand for smart and green workplaces, the project will present a perfect blend of green elements and smart technology in design and architecture. Upon its phased completion from 2025, Hangzhou IFC is set to become one of the major hubs of activities in the energetic city.

# Property Related Businesses



*The property management teams offer professional and attentive service*





*The Group's residential developments offer high-quality property management services*



## Property Related Businesses



○ *Four Seasons Hotel Hong Kong*

### Hotels

Hong Kong's hotel industry has continued to recover as a series of mega events in the city attracted both mainland and international travellers. During the year under review, the Group's Hong Kong hotel portfolio saw a ramp-up in room rates and occupancies. Driven by the continuing increase in high-end corporate travellers, Four Seasons Hotel Hong Kong and The Ritz Carlton, Hong Kong recorded encouraging increases in room rates. The performance of the Group's international upscale and Royal brand hotels, popular among business and leisure travellers, was also encouraging with high occupancy rates. Nevertheless, the food-and-beverage and banquet businesses were still on the road to recovery.



○ *The Ritz-Carlton, Hong Kong*

On the mainland, riding on the rebound in domestic travel and a return of foreign business travellers, The Ritz-Carlton Shanghai, Pudong delivered a record performance in terms of room revenues. The newly opened Four Seasons Suzhou and Andaz Nanjing Hexi have become leading hotels in their local markets.

### Hong Kong Portfolio

During the year, the Group continued to embark on asset enhancement programmes and launched promotional campaigns for its hotels to maximize efficiencies as well as capitalize on the business opportunities brought about by a number of positive factors. These included an increase in the number of mega events held in Hong Kong and the expansion of the Individual Visit Scheme to cover additional mainland cities. Effective marketing strategies through Xiaohongshu and other popular social media platforms were adopted to engage with existing and potential customers. Regarding office tenants as potential business travellers, the Group staged promotion campaigns in its various integrated projects on the mainland.

To bolster the customer base of the Group's hotels, the Go Royal by SHKP loyalty programme now allows members to spend Point Dollar as cash at the Royal brand hotels. A variety of exclusive privileges, including Michelin-starred dining rewards by guest chefs, have been reserved for members' redemption. The Group has also regularly upgraded its hotels to create a fresh appeal for customers.



○ *W Hong Kong*

### **Diverse packages to broaden customer base**

In addition to a selection of contemporary, well-equipped guest rooms and diverse room packages, the Group's hotels catered for the accommodation needs of not only business and leisure travellers, but also locals looking for a unique holiday experience or simply comfortable lodging for a short stay.

Adjacent to Dino Park of New Town Plaza, Royal Park Hotel introduced a 'poolside children party package' during the year to further increase its appeal to families with children. Royal View Hotel was named the Popular Family-Friendly Hotel of The Year at the MEITUAN Hotel Awards 2023 for its fun-filled themed rooms. The hotel also provides flexible accommodation packages, allowing long-stay guests to choose between basic or fully furnished rooms according to their needs. ALVA Hotel by Royal, which has continued to promote healthy living, offers a long-stay package for different types of guests and their pets.



○ *The Royal Garden, Hong Kong*

### **Enhancing Cultural Exploration**

In addition to offering exceptional accommodation and culinary delights, the Group's hotels also strive to immerse their guests in cultural activities and the local culture of Hong Kong. Four Seasons Hotel Hong Kong provides its guests with guided local cultural experiences, including a walking tour in Central to visit ancient sites and explore the history of the district. Eligible guests of Hyatt Centric Victoria Harbour Hong Kong in North Point receive an 'explorer kit' with recommendations on attractions and vouchers to redeem iconic Hong Kong food and drink items from the area's most famous and popular shops.

The Ritz-Carlton, Hong Kong and W Hong Kong are in proximity to the West Kowloon Cultural District, making them great places to stay for travellers who want to spend more time to appreciate the collections of the nearby Hong Kong Palace Museum and the M+ museum. Their hotel-museum packages have continued to be popular with art and culture lovers.



○ *Royal Plaza Hotel, Hong Kong*



○ *Royal Park Hotel, Hong Kong*

## Property Related Businesses



○ ALVA Hotel by Royal, Hong Kong



○ Hyatt Centric Victoria Harbour Hong Kong

### Premium Settings for Conventions and Banquets

Four Seasons Hotel Hong Kong was once again chosen as the venue of the Global Financial Leaders' Investment Summit, further highlighting the hotel's edge in providing upscale venues for international conferences. The Group's hotels are also popular wedding venues for couples with different preferences, ranging from simple to grand banquets and cosy, outdoor weddings. Crowne Plaza Hong Kong Kowloon East, which features one of the largest pillarless ballrooms in Hong Kong and a stylish wedding garden, is expected to benefit from the operation of a new marriage hall at the nearby Immigration Headquarters in Tseung Kwan O, which opened in June 2024.

### Destination for global delicacies

The dining outlets of the Group's hotels have regularly presented time-limited dishes to offer their guests a refreshing culinary journey. During the year, restaurants in Four Seasons Hotel Hong Kong were awarded a total of eight Michelin stars, making it the hotel with the most Michelin stars under one roof

in the city. Its French restaurant Caprice secured three Michelin stars for the sixth consecutive year. Tin Lung Heen, the Chinese restaurant at The Ritz-Carlton, Hong Kong, has been a two-Michelin-star restaurant for 12 years in a row. Italian restaurant Sabatini Ristorante Italiano in The Royal Garden was awarded a four-star rating in 2024 by the Forbes Travel Guide for the fifth time. At Royal Plaza Hotel, a Chinese set menu inspired by the masterpieces of celebrated writer Eileen Chang Ai-ling has been relaunched and won wide acclaim.

### Mainland Portfolio

In addition to featuring premium facilities and services, most of the Group's hotels on the mainland enjoy synergies with different components of the Group's integrated developments, making them preferred choices for both domestic and foreign travellers. During the year, the Group's hotels on the mainland were able to seize business opportunities brought by a gradual recovery of domestic tourism.



○ Royal View Hotel, Hong Kong



○ Crowne Plaza Hong Kong Kowloon East





○ *The Ritz-Carlton Shanghai, Pudong, Shanghai*

The Ritz-Carlton Shanghai, Pudong is distinguished not only by luxurious guest rooms but also by exceptional dining facilities. Its Michelin- and Black Pearl-awarded Jin Xuan Chinese Restaurant has continued to impress discerning diners. The Group's two joint-venture hotels, Conrad Guangzhou and Park Hyatt Hangzhou, also registered satisfactory performance. As regards new hotels, the businesses of Andaz Nanjing Hexi at Nanjing IFC and Four Seasons Hotel Suzhou in Suzhou were ramping up. Located on a serene island retreat on Jinji Lake, Four Seasons Hotel Suzhou was opened in December 2023. With 210 rooms, suites and private villas, the hotel is hailed as a paradigm of premium urban resort.

With confidence in the long-term future of the mainland, the Group has continued to develop premium hotels at its integrated complexes in major cities. Scheduled to open in financial year 2025/26, Andaz Shanghai ITC, within the ITC mega development in Shanghai, will provide about 260 rooms and suites with stylish designs. Construction is progressing well.

### ***Sustainability and application of technology***

The Group has consistently implemented sustainability initiatives to enhance the competitiveness of its hotel portfolio. In addition to conducting energy audits to identify opportunities for increasing efficiency, the Group's hotels have enhanced monitoring of electricity use in different areas through sub-metering. They have also effectively reduced food waste by using AI technologies, improving menus and adjusting cooking portions. Some of the Group's hotels donate excess food to a local charity to provide wholesome meals to people in need.



○ *Four Seasons Hotel Suzhou*

In addition, the Group has made every effort to leverage technologies to maximize customer satisfaction. At some portfolio hotels, guests enjoy the convenience of using robots to complete check-in and check-out processes, or receive a smart key to access their rooms and food-and-beverage service via a designated mobile app. Selected guest rooms of the Group's hotels are equipped with in-room AI assistants to offer personalized services, including voice-controlled features. The Ritz-Carlton, Hong Kong will partner with the Hong Kong Productivity Council to develop a wind-speed detection system to smoothen lift operation and further enhance guest safety and experience.



○ *Andaz Nanjing Hexi, Nanjing*

## Property Related Businesses



○ Smart robot patrolling residential development



○ Innovative technology adopted in facility management

### Property Management

Kai Shing Management Services Limited and Hong Yip Service Company Limited, the Group's property management subsidiaries, have continued to serve residents and other users of their managed properties with a caring heart. Committed to providing a safe, healthy and comfortable environment for living, shopping, leisure and work, the two subsidiaries have consistently elevated their service standards to stay at the forefront of the industry, playing a vital role in supporting the Group's core businesses of property development and property investment.

The two subsidiaries have kept abreast of the latest trends in property and facility management, integrating smart technology into the properties they manage. Hong Yip, for example, has continuously increased work efficiency and enhanced management quality through strategic use of Internet of Things (IoT), AI analytics platforms, and Building Information Modeling – Facility Management platforms. In 2023, the company upgraded its Real-time Typhoon Monitoring and Management Platform to increase its accuracy and effectiveness in coping with the challenges posed by extreme weather conditions on property management. The relentless effort in the application of property technology earned the company four major awards, including the highest honour – Best Property Solution of the Year, at the PropTech Excellence Awards organized by the Hong Kong PropTech Association.

In the same contest, Kai Shing won the Diamond (Corporate) – PropTech Solution of the Year (Property Management) award with its Augmented Reality Maintenance Management (ARMM) system. The system was also the champion of the Asia Pacific Best Facility Management Technology Award at the IFMA Asia Pacific Awards of Excellence 2022–23. Its application at ICC allows the monitoring and operation of facilities via an augmented reality (AR) interface that supports 3D modelling.

The system has been fully integrated with the building's digital twin model to form a comprehensive common data environment (CDE), which won the grand award in the Hong Kong openBIM/openGIS Awards 2023 co-organized by The Hong Kong Alliance of Built Asset & Environment Information Management Associations and the Hong Kong Chapter of buildingSMART International. The digital infrastructure had earned ICC the Platinum Certification from WiredScore.

Integrating technology with a people-centric approach to maximize customer satisfaction, the Group's property management arm has, through the application of mobile apps, provided residents and tenants of their managed properties with comfortable and hassle-free living. For instance, residents can unlock estate gates, lobby entrances, mailboxes, lifts and gain clubhouse access with a virtual key. During the year, Hong Yip introduced a visitor self-registration kiosk at University Hill, where visitors can conveniently obtain a QR code to access the estate after filling in the required information and confirming their identity with the respective households.

Kai Shing further introduced Mall e-asy, a mobile app to enhance communication with tenants of the malls. The app is able to notify tenants of upcoming mall events so that they can make business or operational arrangements accordingly, while it also works as another channel to gather feedback from tenants. At YOHO Mall, an AI customer service ambassador offering voice-enquiry services for mall information was introduced to enhance customers' shopping experience. The company has also applied property management technologies to many buildings on the mainland. At Tower A of Three ITC in Shanghai, a real-time monitoring system was installed to track indoor air quality and temperature on each floor, allowing the property management team to make appropriate adjustments in response to changes in the air environment.

Kai Shing has used AI controls for the air-conditioning systems of selected commercial properties to maximize energy efficiency. In addition to purchasing Renewable Energy Certificates from CLP Power Hong Kong Limited to offset necessary electricity consumption, Hong Yip maximizes the use of solar-powered equipment, such as outdoor sensor lights, at properties under its management.

Continuous efforts have been made by the two subsidiaries to educate the public on environmental protection. Additional food waste smart bins and smart recycling bins were installed, along with reward schemes to encourage participation in the collection of food waste and recyclables. Both companies have collaborated with Food Angel to collect surplus food at residential buildings.

During the year, Wetland Seasons Park, managed by Hong Yip, won the Grand Award in the Existing Buildings Category (Facilities Management) in the Green Building Awards 2023 co-organized by the Hong Kong Green Building Council and the Professional Green Building Council. Kai Shing took home over 60 accolades at the Hong Kong Green and Sustainability Contribution Awards 2024 from the Hong Kong Quality Assurance Agency.

Hong Yip and Kai Shing have both placed great emphasis on staff training and development. Hong Yip leveraged its self-developed Three R (virtual reality, augmented reality and mixed reality) Virtual Building – Integrated Emergency Handling Platform, the first of its kind in the industry, to boost the efficiency and effectiveness of staff training. In the OSH Innovation & Technology Awards, organized by the Occupational Safety and Health Council and the Labour Department, the platform won a silver award (open category) and the Most Popular Innovation Award. Kai Shing’s recruitment website won the Distinction Award (recruitment category) at the 30th Annual Communicator Awards organized by the Academy of Interactive & Visual Arts, a recognition of its use of innovative concepts to attract talent.

Over the years, the two property management companies have cultivated a substantial pool of talent for the industry. Kai Shing’s summer internship programme, designed for young people with different academic qualifications, provides practical job experience and comprehensive training exposure in different areas, ranging from property handover to clubhouse management. The programme provides an entry point for individuals who wish to pursue a career in the industry. The Advanced Diploma in Integrated Property Services Management (QF Level Four) offered by Hong Yip is endorsed by the Property Management Services Authority as a specified



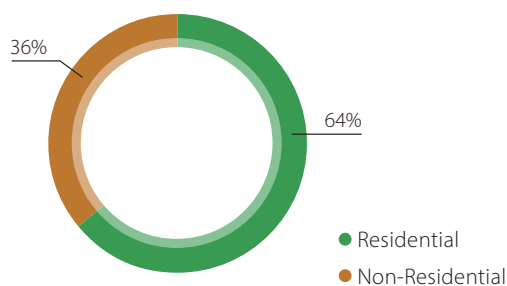
○ Urban farm workshop for mall customers

course for the Property Management Practitioner Tier 2 Licence, the first and only such programme run by a property management company.

The two companies attached importance to caring for employees’ physical and mental well-being. In this regard, they have placed great emphasis on creating a healthy workplace and helping employees maintain work-life balance. During the year, Hong Yip won the ERB Excellence Award for Employers for the 14th year, making it the most frequent winner of the accolade. At The Hong Kong HR Awards 2023/24 organized by JobsDB, Kai Shing was named Most Popular Employer – Property Management. Both companies again won the Employer of Choice Award from *JobMarket* during the year.

As at 30 June 2024, the total gross floor area managed by Kai Shing and Hong Yip increased to over 293 million square feet in Hong Kong and on the mainland. New properties under their management included NOVO LAND Phases 2A and 2B, Silicon Hill, University Hill, YOHO MIX, NOVO Walk, TOWNPLACE WEST KOWLOON in Hong Kong along with The Kylin in TODTOWN, Shanghai and The Woodland Phase 5B in Zhongshan.

### Floor Area Managed by Hong Yip and Kai Shing by Usage



# Property Related Businesses

## Construction

The Group's construction division comprises Sanfield (Management) Limited, its wholly-owned subsidiaries and fellow subsidiaries. The division engages in various construction-related businesses and offers a comprehensive range of services, including concrete production, precast-concrete-unit production, electrical and mechanical installation, production and installation of wooden doors, leasing of construction plants and machinery as well as landscaping, to both the Group and third parties.

The division has explored innovative solutions to improve quality, productivity and eco-friendliness. A few products developed by the division during the year are going through patent registration. These include a high-strength lightweight concrete, a lightweight concrete partition panel system and a hybrid modular integrated construction (MiC) module. These products have leveraged the outstanding qualities of the new concrete in fire resistance, sound insulation, waterproofing and ease of construction. The MiC modules, in particular, are highly effective in helping to reduce construction time and costs. The extensive use of such modules is expected to contribute significantly to sustainable construction.

Digitalization of workflows, procedures and processes continued during the period, with the full deployment of Building Information Modelling (BIM) technology and the adoption of Design for Manufacturing and Assembly (DfMA) high on the division's agenda. The division has started to review the deployment of Common Data Environment (CDE), a digital solution which enhances security and increases efficiency in data management, facilitating better decision making and cost savings. The innovation arm of the division also supported various operations which helped increase efficiency and reduce losses and injuries due to human error.



○ Sanfield's summer internship programme to nurture construction talent

The division also endeavored to minimize its carbon footprint through a range of green strategies. Partnering with a reputable overseas bank, the division launched an ESG-linked supplier payment scheme in May 2024. The first of its kind in the construction industry in Hong Kong, the scheme allows suppliers and subcontractors meeting sustainability targets to enjoy early payment for goods and services, thereby improving their cash flow while enhancing their ESG performance. As a significant milestone, this scheme extends ESG initiatives to the Group's suppliers and subcontractors, setting a new industry standard and showcasing the Group's commitment to fostering collaboration with like-minded partners in building a sustainable construction ecosystem in Hong Kong. In addition, the division procured nine pieces of fully electric construction equipment, including mobile cranes, concrete trucks and pumps, to begin its replacement of diesel-powered counterparts.

During the year, the division completed six development projects totalling 6.1 million square feet of construction floor area, including NOVO LAND Phases 2A and 2B, The YOHO Hub II, Silicon Hill, University Hill, and three non-residential projects namely TOWNPLACE WEST KOWLOON, the retail area beneath The Millenniary, and the first phase of MEGA IDC.

Major residential developments in progress included Cullinan Sky, Cullinan Harbour, the Sai Sha project, YOHO WEST, and the remaining phases of NOVO LAND. Major non-residential developments in progress included the High Speed Rail West Kowloon Terminus Development and the Artist Square Towers Project in the West Kowloon Cultural District. A number of major projects are also undergoing asset-enhancement works, including Dynasty Court, Millennium City Phases 1 and 6, New Town Plaza, and YOHO Plus. The division also takes part in construction management of the Group's development projects on the mainland.

## Insurance and Mortgage Services

The Group's wholly-owned subsidiary, Sun Hung Kai Properties Insurance Ltd, delivered solid results during the year. Underwriting performance remained strong, reflecting the company's disciplined approach to risk selection, and maintaining a prudent and selective underwriting strategy. The company's investment portfolio produced stable returns, attributed to a risk-aware approach that balanced income generation. Despite the prevailing economic headwinds, the company registered satisfactory performance. It will continue to pursue a prudent, risk-managed approach to deliver sustainable, profitable growth and long-term value to the Group.

Comprising Hung Kai Finance Company Limited and Honour Finance Company Limited, the financial services division registered satisfactory profits during the year. The division will continue to focus on mortgages, mortgage referrals and other services that support the Group's sales business and property development.

## Telecommunications and Information Technology



○ SmarTone's home broadband service is a growth engine for the company



○ MEGA Gateway, SUNeVision's data centre in Tsuen Wan

### Telecommunications

During the year under review, SmarTone's business remained resilient despite strong price competition in a challenging economic environment. The company achieved a moderate expansion of its customer base and steady growth in 5G penetration. Benefitting from the revival in outbound travel, SmarTone's roaming business grew strongly. The 5G Home Broadband service emerged as a material driver of its growth while the Enterprise Solutions division continued to deliver solid growth.

SmarTone is committed to delivering a superior 5G experience and directing its investment to areas that matter most to its customers. In June 2024, the company commenced the deployment of the 3.3GHz and 3.5GHz "5G Golden Spectrum" in MTR Tin Hau Station, and will extend this upgrade to cover a total of 24 major MTR stations. In recognition of its network performance, SmarTone was awarded the "Best 5G Mobile Network Operator" by the Communications Association of Hong Kong during the year.

In response to an increase in scam calls, the company launched Hong Kong's first "Staff Verification Code" to help customers verify the authenticity of SmarTone's customer service staff. The company also participated in the "SMS Sender Registration Scheme" to combat fraudulent SMS.

In recognition of SmarTone's outstanding customer service, the company was presented with the prestigious gold award in the "2023 Service Talent Award" and "Top 10 Quality Trusted E-Shops" award from the Hong Kong Retail Management Association during the year.

The operating environment is expected to remain challenging amid intense competition in the mobile sector and sluggish economic conditions. SmarTone will continue to focus on delivering outstanding customer service and network reliability while maintaining vigilant cost control. The Group is confident in SmarTone's prospects and will continue to hold its stake in the company as a long-term investment.

### Information Technology

During the year under review, demand for SUNeVision's superior data centre services remained strong, with increasing orders across overseas, mainland and local customers. Hong Kong has continued its critical role as a key connectivity hub in Asia, and the demand for connectivity capacity, mainly through the MEGA-i, remained robust. MEGA Gateway, SUNeVision's new data centre in Tsuen Wan that opened in the first quarter of 2023 as the next connectivity hub complementing MEGA-i, has also seen rising connectivity demand. In conjunction with SUNeVision's landing stations in Chung Hom Kok which are hosting various critical subsea cables, including the Asia Direct Cable, the overall MEGA campus eco-system has been further strengthened and is able to provide the best-in-class connectivity and data centre service solutions for customers.

SUNeVision has also witnessed a surge in demand from hyperscale customers, particularly with the rise of AI. This has not only increased the demand for data centre capacity but also raised the bar for the quality of such capacity. MEGA IDC, SUNeVision's flagship greenfield project in Tseung Kwan O and the largest hyperscale data centre in Hong Kong, opened its first phase recently. Equipped with advanced infrastructure that is able to support high power density deployment driven by AI-related workload, the new centre has garnered significant interest from a diverse range of customers in the market, including large international cloud players and financial institutions.

The pipeline remains strong as the company continues to field strong interest from cloud players which require substantial capacity and demand high power allocation to support rapid cloud adoption driven by AI-related workloads.

Nevertheless, in the face of an uncertain macro environment, SUNeVision will continue to exercise the highest level of financial discipline in terms of operational efficiency enhancement, capital expenditure control and treasury management.

## Infrastructure and Other Businesses



○ Wilson Parking, Hong Kong

### Transport Infrastructure Operations and Management

Wilson Group, a wholly-owned subsidiary of the Group, is a leading provider of transport infrastructure asset management and smart mobility solutions in Hong Kong. During the year, the company registered a modest growth in business performance while prioritizing safe, high-quality and eco-friendly services for the public.

With ample experience in the provision of parking, tollways and smart mobility solutions, Wilson Group operates and manages an extensive network of some 280 car parks and nearly 60,000 parking bays in Hong Kong, including those of the Transport Department, MTR Corporation, Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, and Hong Kong International Airport. On the mainland, the company manages 33 car parks and some 21,000 parking bays.

To enhance customer experience through technology, the company collaborated with The Point to introduce the market's first Contactless Parking solution across 100 car parks. Catering to EV parkers, the company has been expanding its EV charging network and introduced a new pre-booking function which offers greater flexibility and convenience.

Wilson Group's equipment division secured signature contracts in the smart mobility sector, including a smart vehicular management contract for AsiaWorld-Expo, a Car Park Electronic Systems contract for two public vehicle parks in Sheung Shui, and new business ventures in Accident Incident Detection (AID) Systems for Lion Rock Tunnel.

The company and its 50%-owned subsidiary, Autotoll, successfully implemented the HKeToll (Free-flow Tolling System) in all government tolled tunnels in 2023, establishing it as the principal tolling system in Hong Kong. During the year,



○ KMB and LWB serve about 2.8 million passenger trips a day

Autotoll also secured a government contract for the Construction of Information Display System at Three Road Harbour Crossings, further enhancing customer experience and operational efficiency for time-varying tolls.

Wilson Group's tollways division continued to efficiently operate and maintain Tsing Ma Control Area, Tsing Sha Control Area, Scenic Hill Tunnel and Airport Tunnel, Lung Shan Tunnel and Cheung Shan Tunnel, Aberdeen Tunnel, Tuen Mun – Chek Lap Kok Tunnel and Tai Lam Tunnel. The Group also holds a 70% stake in Route 3 (CPS) Company Limited under a 30-year Build-Operate-Transfer franchise from 1995, covering the operation and maintenance of the Route 3 Country Park Section which connects the mainland border and northwest New Territories to urban areas. The franchise will expire in May 2025.

The Group owns a 43.83% stake in the publicly listed Transport International Holdings Limited (TIH), which is engaged in the largest franchised public bus operations through The Kowloon Motor Bus Company (1933) Limited (KMB) and Long Win Bus Company (LWB), and non-franchised transport operations through Sun Bus Holding Limited and New Hong Kong Bus Company Limited. With the Government's initiatives to stimulate the economy and tourism, demand for transportation from locals and travellers has been growing steadily. KMB and LWB responded to the rising need by allocating more bus service resources to areas with growing demand, enhancing bus services at various ports, the Airport and the Hong Kong-Zhuhai-Macao Bridge, as well as by introducing interchange concessions and Tourist Day Pass, which contributed to an increase in revenue for the company.

KMB and LWB serve a total of about 2.8 million passenger trips daily, providing high-quality services with a fleet of around 4,300 buses. Marking a milestone in Hong Kong's green transport development, TIH has introduced 82 electric buses, including 52 double-deckers since mid-2023 to promote

sustainable development and achieve zero emission. Currently serving 40 routes, the fleet of electric buses has gained immense popularity among passengers and made significant contributions to improving air quality by covering over 2.7 million kilometres and reducing carbon emissions by nearly 3,800 tonnes.

Putting bus safety as a top priority, KMB launched the Preventive Maintenance System to remotely monitor key components of buses, which effectively reduced mechanical failures. To enhance passengers' travelling experience, real-time bus occupancy updates were introduced on its mobile app and within the bus compartment, offering greater certainty to passengers when they travel. Capitalizing on opportunities from the GBA development and integration, TIH collaborates with Shenzhen Bus Group to offer more efficient services for cross-boundary transportation.

## Port Business

A wholly-owned subsidiary of the Group, Hoi Kong Container Services Company Limited provides container and cargo handling services in Hong Kong by operating four berths and about 3.3 hectares of container yard in Kwai Tsing. The River Trade Terminal, in which the Group has a 50% interest, is ideally positioned to serve as a logistics hub for the GBA. Comprising 3,000 metres of quay with 49 berths, the 65-hectare terminal in Tuen Mun provides container-handling and consolidation services as well as break-bulk and refrigerated cargo handling and storage services.

During the year, the worldwide sluggish economy and increasing geopolitical risks continued to pose significant challenges to the shipping industry. Though to a lesser extent compared to previous years, the container-handling volume of the Group's port business in Hong Kong was still under pressure.



○ Airport Freight Forwarding Centre, Hong Kong

The Group will continue to diversify related business coverage and tighten various cost-control measures in order to maintain reasonable profitability on a sustainable basis.

## Air Transport and Logistics Business

Situated at Hong Kong International Airport, the Group's wholly-owned Airport Freight Forwarding Centre Company Limited (AFFC) operates a logistics facility covering over 1.6 million square feet of premium warehouse and office space. AFFC has seen moderate growth this year, bolstered by strong e-commerce exports from China to the rest of the world. AFFC is planning a revamp in order to upgrade the facility and make it truly world-class. This is important not only for the efficiency of its freight-forwarding tenants but is also crucial to reinforce Hong Kong's role as a global aviation hub, as stipulated in the 14th Five-Year Plan. The modification work will be completed by 2026.

The Hong Kong Business Aviation Centre Limited (HKBAC) is a franchised fixed-base operator at Hong Kong International Airport. Since 1998, HKBAC, in which the Group owns a 35% stake, has been providing premium aircraft handling and support services for business aircraft, including business jets, diplomatic and emergency flights. Leveraging Hong Kong's strategic position as an international aviation hub and a gateway to the GBA, the company prides itself on delivering top-notch services at the highest safety standards.

For the 17th consecutive year, the company was named the Best Asian FBO by *Professional Pilot* magazine. It was also recognized by *Aviation International News* as one of the Top Rated FBOs in Asia Pacific in 2024. HKBAC has attained Stage three certification of the International Standard for Business Aircraft Handling (IS-BAH), a globally-recognized set of industry best practices designed by the International Business Aviation Council.



○ Hong Kong Business Aviation Centre

(Rendering)

## Infrastructure and Other Businesses



○ YATADAY at Silicon Lane in Tai Po

During the year, the company's business returned to the pre-pandemic level and it attracted more aircraft, including charter flights to base in Hong Kong. The organization of mega events and trade shows, diversification of tourism offerings, and rise of chartered leisure travel are expected to sustain positive momentum in the aviation industry.

### Waste Management

Green Valley Landfill Limited, in which the Group owns a 20% interest, is responsible for both the daily operation and long-term aftercare of the South East New Territories Landfill in Tseung Kwan O. Covering an area of 113 hectares, the landfill site has an overall capacity to handle around 50 million cubic metres of waste. At the same time, gas generated from the landfill is converted into synthetic natural gas and conveyed to the gas supply network, contributing to a cleaner environment in Hong Kong. The development of the pilot one-megawatt solar farm on the landfill was in progress during the year and a stable business performance was maintained.

### YATA Limited

At YATA, the priority is to deliver top-quality products and an exceptional shopping experience for customers. Despite the challenging retail market environment, the demand for YATA's core offerings, such as fresh produce, remains strong. To adapt to changing customer preferences and further enhance the shopping experience, YATA is undertaking a full transformation of its stores, starting with the flagship in Sha Tin. The revamp of the Sha Tin store is expected to be completed by the end of 2024.

The company has accumulated a strong group of supporters throughout the years, and its membership programme now boasts more than a million members. The company has started to collaborate with the Group's loyalty programme, The Point. Customers who shop at YATA earn double points for The Point, which they can use to redeem YATA products, parking offers, EV charging services, and more. The company will continue to invest in its stores and in sourcing exciting new products for its customers.



○ Photo contest organized by Sky100

### Sky100 Hong Kong Observation Deck

Situated on the 100th floor of ICC, Sky100 Hong Kong Observation Deck is the only indoor viewing platform which offers a 360-degree panorama of the city. During the year, the observation deck continued to record a gradual increase in the number of visitors with moderate growth in event and banquet businesses.

With a magnificent backdrop of the city's skyline, Sky100 is a popular choice for indoor events at a high vantage point. During the year, the deck served as the venue of many large-scale functions, including luxury brand events and international conferences. The appeal of Sky100 has been enhanced through its partnerships with the Group's Royal Brand hotels and The Ritz-Carlton, Hong Kong, both of which have offered premium catering services to enliven the events held at the deck.

During the year, Sky100 launched successful global promotional campaigns online. These included a vlog featuring a tour of the deck by a famous Thai actor, and the promotion of Sky100 by more than 100 mainland KOLs on social media platforms. The viewing platform won The Distinguished Tourist Attraction Award from Klook and the TripAdvisor Travelers' Choice Award 2024, a testament to the deck's great appeal to tourists.

The observation deck also provided wellness classes including yoga, tai chi and sound bath for visitors who want to improve their physical and mental well-being in a relaxing environment. To promote low-carbon living and celebrate its anniversary, Sky100 launched a 'sky urban farm' event with the use of two hydroponic cultivation machines. Showcasing Sky100's ongoing efforts to promote sustainable living, the event, organized in partnership with a social enterprise and green organizations, enabled the public to enjoy a fun farm-to-table experience and learn how to reduce greenhouse gas emissions in everyday life.



# Corporate Finance

With a commitment to a high standard of financial stability, the Group has maintained healthy gearing with abundant liquidity and a balanced debt repayment schedule to ensure that it can weather adverse economic conditions. During the year, the Group has continued to make diligent efforts in cash-flow management. As at 30 June 2024, the Group's net debt to shareholders' funds stood at 18.3% with an interest coverage ratio of 4.6 times.

Supported by its strong recurring income underpinned by a set of prudent financial policies, the Group has scored the best credit ratings among Hong Kong property companies. For the year under review, S&P and Moody's affirmed their respective A+ rating (stable outlook) and A1 rating (negative outlook).

During the year, the Group continued to maintain excellent banking relationships and earned considerable support from the banking community. In May 2024, a HK\$23,000 million 5-year syndicated loan was arranged with a diverse group of 23 institutions, including banks from the mainland as well as local and international financial institutions. The enthusiastic response, which exceeded expectations, was a strong vote of confidence in the Group and the future of Hong Kong.

On the mainland, in an effort to support the property market, the authorities have proactively introduced a series of measures, including the easing of mortgage policies for end-users, financing for whitelist development projects and purchasing housing inventories as affordable housing, all of which are expected to help promote a healthier environment in the property market in the long run. Against this backdrop, the Group has continued to receive support from mainland banks in the provision of new Renminbi loans for its operations and developments.

To achieve a better alignment of the Group's Renminbi-denominated assets and liabilities, the Group issued CNH800 million of 5-year bonds and CNH2,850 million of 2-year bonds during the year. Additionally, the Group issued CNH700 million of 3-year bonds in July 2024. In August 2024, the Group issued another tranche of RMB2,000 million commercial mortgage-backed securities (CMBS) on the mainland, which achieved the lowest CMBS pricing so far in 2024. To further diversify its funding sources, the Group has been actively exploring opportunities such as the issuance of new Panda Bonds on the mainland and dim-sum bonds in Hong Kong.

As always, the Group has not executed any speculative derivative or structured-product trades. To reduce foreign exchange risks, most of the Group's borrowings are denominated in Hong Kong dollars. The remainder are mainly denominated in Renminbi and US dollars, the latter of which has been hedged through cross-currency swaps. Looking forward, the Group will continue to pursue an increasingly balanced mix of Renminbi-denominated borrowings that align with its overall asset portfolio.

# Financial Review

## REVIEW OF RESULTS FOR FY2023/24

Underlying profit attributable to the Company's shareholders, excluding the effect of revaluation changes on investment properties for the year ended 30 June 2024 was HK\$21,739 million, decreased by 9% or HK\$2,146 million compared with HK\$23,885 million for the previous year. The decrease was primarily due to a decrease in profit contribution from property development. The Group's property investment and non-property business segments showed steady performance, achieving moderate growth during the year under review.

After taking into account the net revaluation loss on investment properties of HK\$2,412 million for the year (2023: revaluation gain of HK\$221 million) and adjustment for cumulative valuation gains realized on disposed investment properties of HK\$281 million (2023: HK\$199 million), the Company reported an attributable profit to shareholders of HK\$19,046 million for the year, representing a decrease of HK\$4,861 million or 20% compared with HK\$23,907 million for the previous year.

	<b>2024</b>	2023
	<b>HK\$ Million</b>	HK\$ Million
Reported profit attributable to Company's shareholders	<b>19,046</b>	23,907
Adjustments in respect of investment properties		
Net revaluation loss/(gain) for the year	<b>2,412</b>	(221)
Cumulative valuation gains realized on disposal during the year	<b>281</b>	199
	<b>2,693</b>	(22)
Underlying profit attributable to Company's shareholders	<b>21,739</b>	23,885

Total revenue of the Group's business segments (including share of joint ventures and associates) for the year was HK\$83,636 million (2023: HK\$83,381 million). Segment operating profit was HK\$32,359 million, decreased by 7%.

## Revenue and Operating profit by segment for the year ended 30 June (including share of joint ventures and associates)

	Revenue		Operating profit	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>HK\$ Million</b>	HK\$ Million	<b>HK\$ Million</b>	HK\$ Million
Property development				
Hong Kong	<b>24,745</b>	23,866	<b>6,513</b>	8,474
Mainland	<b>2,677</b>	5,250	<b>1,337</b>	2,825
	<b>27,422</b>	29,116	<b>7,850</b>	11,299
Property rental				
Hong Kong	<b>17,942</b>	17,738	<b>13,423</b>	13,249
Mainland	<b>6,305</b>	5,843	<b>5,027</b>	4,648
Singapore	<b>744</b>	741	<b>550</b>	564
	<b>24,991</b>	24,322	<b>19,000</b>	18,461
Hotel operations	<b>5,261</b>	4,215	<b>650</b>	161
Telecommunications	<b>6,221</b>	6,763	<b>701</b>	702
Transport infrastructure and logistics	<b>8,612</b>	7,899	<b>1,712</b>	1,587
Data centre operations	<b>2,674</b>	2,346	<b>1,266</b>	1,171
Other businesses	<b>8,455</b>	8,720	<b>1,180</b>	1,308
Segment total	<b>83,636</b>	83,381	<b>32,359</b>	34,689

Revenue from property development (including share of joint ventures) in Hong Kong increased by 4% to HK\$24,745 million, and was mainly derived from sales of residential units in NOVO LAND Phases 2A and 2B, University Hill Phases 2A and 2B, Silicon Hill, Grand Jete Phase 1, Grand YOHO Phase 2 and certain luxury units in Central Peak, The Cullinan and Ultima. Development profit decreased by 23% to HK\$6,513 million, mainly due to lower profit margin. Profit margin was 26% compared with 36% for the previous year.

Revenue from property development (including share of joint ventures) on the mainland decreased by 49% to HK\$2,677 million, mainly due to lower sales volume of residential units. Development profit decreased by 53% to HK\$1,337 million. The contributions were mainly attributable to sales of residential units in Oriental Bund, TODTOWN, The Woodland and Grand Waterfront.

As at 30 June 2024, contracted sales of properties (including investment properties) attributable to the Group (including share of joint ventures) not yet recognized amounted to HK\$38.3 billion, comprising HK\$24.9 billion in Hong Kong, of which about HK\$19.6 billion is expected to be recognized in the next financial year, and HK\$13.4 billion on the mainland, of which HK\$8.6 billion will be booked in the next financial year.

Rental revenue and net rental income of property investment in Hong Kong, including share of joint ventures and associates, increased by 1% to HK\$17,942 million and HK\$13,423 million, respectively. The increase was mainly driven by increased contributions from the retail and the serviced apartment segments, more than offsetting the reduced contribution from office segment. The retail portfolio saw a moderate positive rental reversion with revenue increased by 3% to HK\$9,283 million. The office portfolio recorded a revenue drop of 3% to HK\$6,000 million due to negative rental reversions. Revenue from the Group's residential and serviced apartment portfolio grew by 17%, driven mostly by increase in rent rates as well as the contribution from TOWNPLACE WEST KOWLOON, the Group's brand-new serviced apartment in West Kowloon.

Rental revenue and net rental income of the mainland portfolio, including share of joint ventures, increased by 8% in Hong Kong dollar terms to HK\$6,305 million and HK\$5,027 million, respectively. In Renminbi ("RMB") terms, rental revenue increased by 12% to RMB5,822 million, driven mainly by rental contribution from newly completed properties, including Nanjing IFC Mall and Tower A of Three ITC in Shanghai as well as the discontinuation of rental concessions given to tenants in last year.

Hotel segment (including share of joint ventures) delivered a 25% increase in revenue to HK\$5,261 million. Operating profit increased by 304% to HK\$650 million (after depreciation charge of HK\$694 million). Room rate and occupancy continued to improve despite slower-than-expected return of inbound tourists. An average occupancy rate of 84% was achieved for the Group's hotels in Hong Kong during the year.

SmarTone reported a revenue of HK\$6,221 million, decreased by 8%, while operating profit stayed flat at HK\$701 million. Revenue decrease was mainly due to reduced handset and accessory sales. Total service revenue remained resilient with notable recovery from roaming business and 5G Home Broadband services.

Transport infrastructure and logistics segment (including share of joint ventures and associates) reported a revenue growth of 9% to HK\$8,612 million with operating profit increased by 8% to HK\$1,712 million. The increase was largely contributed by improved performance in business aviation centre operation, toll road and franchised bus businesses following the resumption of cross-border travel.

SUNeVision's revenue increased by 14% to HK\$2,674 million and operating profit increased by 8% to HK\$1,266 million, driven by continued demand for data centre services and IT facilities business from local, mainland and multi-national customers.

The Group's other businesses (including share of joint ventures and associates), which include mainly property management, department store operations and financial services, reported a 3% drop in revenue to HK\$8,455 million and a 10% drop on operating profit to HK\$1,180 million. The decline was due to a decreased contribution from YATA, as it is currently undertaking store enhancement initiatives, which have temporarily impacted its operations.

# Financial Review

## Other Net Income

Other net income (including share of joint ventures and associates) was HK\$1,671 million (2023: HK\$464 million). This was mainly contributed by gains in aggregate of HK\$1,095 million on land resumption by the Government, mostly in relation to the resumption in April 2024 of certain land lots of approximately 1.5 million square feet held by the Group in Kwu Tung North/Fanling North New Development Area, for which a cash compensation of approximately HK\$1,940 million will be received by the Group from the Government.

Other net income for the year also included a reported profit of HK\$343 million (calculated on the basis of net sales proceeds over fair value), primarily stemming from the disposal of six units in Tower 2 of Dynasty Court. The Group realized net proceeds of HK\$674 million from these disposals which, taking into account the cumulative valuation gains realized, contributed a profit in an aggregate of HK\$611 million to the Group's underlying profit.

In the forthcoming financial year, another 48 units in Tower 2 and 3 of Dynasty Court are scheduled for handover. These disposals, with an aggregate purchase consideration exceeding HK\$2,600 million, are expected to make a significant contribution to the Group's underlying profit in FY 24/25.

## Fair Value Change of Investment Properties

Investment properties were carried at fair values based on independent valuation as at 30 June 2024. These consist of completed investment properties and investment properties under development.

The Group recorded a net fair value loss of HK\$1,481 million (2023: loss of HK\$593 million) arising mainly from revaluation of investment properties under development and shared a net fair value loss of HK\$1,299 million (2023: gain of HK\$414 million) on revaluation of investment properties held by its joint ventures and associates. Net unrealized revaluation loss attributable to the Company's shareholders, after related deferred taxation and non-controlling interests, was HK\$2,412 million (2023: gain of HK\$221 million). The net revaluation loss was mainly attributable to revaluation loss of the office portfolio due to lower market rents, partly offset by revaluation gain from the retail and serviced apartment portfolio.

## Finance Costs and Interest Cover

For the year ended 30 June 2024, the Group's net finance costs including capitalized interest increased by HK\$1,685 million to HK\$5,766 million, reflecting higher average effective cost of borrowings, which went up to 4.4% (2023: 3.3%), mainly due to rising HIBOR rates. Net finance costs charged to the income statement (after interest capitalized) increased by HK\$1,068 million to HK\$3,567 million.

Interest cover for the year was 4.6 times (2023: 6.8 times), measured by the ratio of operating profit to total net interest expenses including those capitalized.

The average effective interest rate of the Group's borrowings for the year ended 30 June 2024 is analyzed as follows:

	Year ended 30 June	
	2024	2023
Fixed rate	2.7%	2.8%
Floating rate	5.1%	3.6%
Weighted average interest rate	4.4%	3.3%

## Underlying Profit

Underlying profit for the year, after adjustments to exclude the net unrealized revaluation loss of HK\$2,412 million (2023: gain of HK\$221 million) and to include the cumulative valuation gains of HK\$281 million (2023: HK\$199 million) realized on disposed investment properties, was HK\$21,739 million (2023: HK\$23,885 million).

## 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

The Group's balance sheet remains strong. Shareholders' equity was HK\$606.7 billion or HK\$209.4 per share as at 30 June 2024 compared with HK\$602.1 billion as at 30 June 2023. The increase was primarily attributable to profit attributable to the shareholders of HK\$19.0 billion, offset by dividends of HK\$13.5 billion paid during the year and foreign exchange loss of HK\$0.5 billion on translation of financial statements of the mainland and overseas operations.

As at 30 June 2024, the Group's net debt amounted to HK\$110,866 million (30 June 2023: HK\$109,773 million). Gearing ratio as at 30 June 2024, calculated on the basis of net debt to shareholders' equity of the Company, was 18.3% (30 June 2023: 18.2%).

### Debt Maturity Profile and Composition

As at 30 June 2024, the Group's gross borrowings totalled HK\$127,087 million, of which 68% were bank loans and 32% were notes and bonds, which are repayable on various dates up to June 2033. 74% of the Group's gross borrowings were raised through its wholly-owned finance subsidiaries and the remaining 26% through operating subsidiaries.

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

	At 30 June 2024		At 30 June 2023	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Repayable:				
Within one year	<b>10,498</b>	<b>8%</b>	7,508	6%
After one year but within two years	<b>20,052</b>	<b>16%</b>	31,999	26%
After two years but within five years	<b>74,816</b>	<b>59%</b>	57,595	46%
After five years	<b>21,721</b>	<b>17%</b>	27,951	22%
Total bank and other borrowings	<b>127,087</b>	<b>100%</b>	125,053	100%
Bank deposits and cash	<b>16,221</b>		15,280	
Net debt	<b>110,866</b>		109,773	

The Group's debt maturity profile was well-staggered with around 76% of the borrowings repayable after two years. The weighted average duration of the entire debt portfolio was approximately 3.3 years as at 30 June 2024.

# Financial Review

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

## (i) By currency (after currency swap)

	At 30 June 2024		At 30 June 2023	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Hong Kong dollar	99,867	79%	105,861	85%
RMB	25,527	20%	17,565	14%
British pound	1,693	1%	1,627	1%
Total borrowings	127,087	100%	125,053	100%

When financing operations outside Hong Kong, the Group will borrow on the same currency as the underlying assets or when feasible, hedge through cross currency swaps for exchange risk exposure. At 30 June 2024, about 20% of the Group's total borrowings were denominated in RMB to act as natural hedges of net investments in the mainland.

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

	At 30 June 2024		At 30 June 2023	
	HK\$ Million	% of Total	HK\$ Million	% of Total
Fixed	39,660	31%	37,197	30%
Floating				
– Hong Kong dollar	67,007	53%	71,031	57%
– RMB	18,727	15%	15,198	12%
– British pound	1,693	1%	1,627	1%
Total borrowings	127,087	100%	125,053	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 substantial amount of available 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.

### **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 mainly 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 RMB as natural hedges to minimize the Group's exposure to exchange rate risk. As at 30 June 2024, approximately 17% of the Group's net assets were denominated in RMB. Compared with 30 June 2023, RMB depreciated against Hong Kong dollar by about 0.5%. The translation of these RMB assets into Hong Kong dollar at the exchange rate as of 30 June 2024 resulted in a translation loss of approximately HK\$450 million (2023: loss of HK\$9.4 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 30 June 2024, 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\$16,389 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 30 June 2024, the Group's bank deposits and cash amounted to HK\$16,221 million, of which 61% were denominated in Hong Kong dollar, 33% in RMB, and the remaining 6% mostly in US dollar. The RMB 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 30 June 2024, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$48 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\$5,840 million have been charged as security for their bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

### **CONTINGENT LIABILITIES**

As at 30 June 2024, 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\$1,907 million (30 June 2023: HK\$2,072 million).

# Investor Relations

To foster strong relations with key stakeholders and the investment community, the Group is dedicated to engaging proactively with the parties involved and maintaining effective two-way communication with them. Multiple communication channels are utilized to keep stakeholders, including investors, analysts, bondholders, credit rating agencies and parties related to Environmental, Social and Governance (ESG), informed of the Group's developments and to collect their feedback for the Group to make further improvements. Over the years, the Group has committed to enhancing corporate transparency and governance through timely disclosure of corporate information and investor relations outreach.

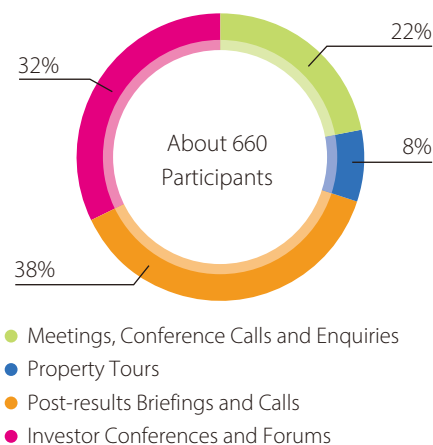
To articulate the Group's strategy and performance to the investment community and other stakeholders, meetings are arranged following results announcements where applicable. Overseas investors are accommodated via videoconferencing. Post-results briefings are held to address analysts' questions on corporate development and to exchange views with them over the latest trends and developments in the industry. In addition to regular meetings and results presentations, materials such as announcements, circulars, interim and annual reports, sustainability reports and quarterly publications are made publicly available on the Group's website to keep stakeholders abreast of the Group's latest developments and strategic planning.

During the year under review, the Group has participated in more physical conferences and summits for regular dialogue with investors. To enhance engagement with overseas stakeholders, videoconferencing and virtual meetings were still arranged where appropriate. An increasing number of property tours to the Group's landmark projects in Hong Kong and on the mainland were arranged for investors. The initiative has deepened their understanding of the Group's property portfolio and latest strategies, as well as reinforced their confidence in the building quality of the Group's properties.

Apart from business operations and financial performance, investors also attach great importance to sustainability. During the year, the Group continued to address enquiries regarding its ESG performance and disclosure. To date, the Group has implemented various environmental and social initiatives, integrating the concept of sustainable development into the Group's long-term development plan. The latest sustainability policies and initiatives are readily accessible to the public through the corporate website.

The Group's unwavering efforts in investor relations have been recognized through a number of prestigious awards and titles presented by renowned financial publications and institutions. Moving forward, the Group will continue to enhance the timeliness and transparency in stakeholder engagement to foster stronger relations and better understanding.

## Communications with the Investment Community in Financial Year 2023/24



○ Post-results-announcement analyst briefing



## Major Investor Relations Events in Financial Year 2023/24

Quarter	Event
<b>2023</b>	
3rd Quarter	<ul style="list-style-type: none"> <li>Meetings and calls with analysts and investors</li> <li>2022/23 annual results announcement                             <ul style="list-style-type: none"> <li>Analyst briefing</li> <li>Post-results meetings and calls with investors</li> </ul> </li> <li>Investor conference in Hong Kong</li> <li>Property tour to residential project</li> </ul>
4th Quarter	<ul style="list-style-type: none"> <li>Investor conference in Hong Kong and Macau</li> <li>Property tour to shopping mall and integrated projects</li> </ul>
<b>2024</b>	
1st Quarter	<ul style="list-style-type: none"> <li>Investor conferences and forums in Hong Kong</li> <li>Virtual investor forum</li> <li>2023/24 interim results announcement                             <ul style="list-style-type: none"> <li>Analyst briefing</li> <li>Post-results luncheon, meetings and calls with investors</li> </ul> </li> <li>Property tour to residential and shopping mall projects</li> </ul>
2nd Quarter	<ul style="list-style-type: none"> <li>Investor conferences and summit in Hong Kong</li> <li>Meetings and calls with analysts, investors and credit rating agencies</li> <li>Property tour to residential projects</li> </ul>

## Awards in Financial Year 2023/24

### Euromoney magazine

- Best Overall Developer in Asia Pacific, China and Hong Kong category
- Best Residential Developer in Asia Pacific, China and Hong Kong category
- Best Retail/Shopping Developer in Hong Kong category
- Best Office/Business Developer in Asia Pacific and China category

### FinanceAsia magazine

- Asia's Best Overall Company
- Asia's Best Real Estate Company
- Hong Kong's Best CEO
- Hong Kong's Best Managed Company
- Hong Kong's Best Large-cap
- Hong Kong's Most Committed to ESG
- Hong Kong's Most Committed to Diversity, Equity & Inclusion (DEI)

### Asiamoney magazine

- Overall Most Outstanding Company in Hong Kong
- Most Outstanding Company in Hong Kong – Real Estate Sector
- Most Outstanding Company for ESG in Hong Kong

### Corporate Governance Asia magazine

- Asia's Best CEO
- Sustainable Asia Award
- Asia's Best CSR
- Hong Kong's Best Investor Relations Company
- Hong Kong's Best Investor Relations Professional
- Hong Kong's Best Corporate Communications

### Bloomberg Businessweek/Chinese Edition

- ESG Leading Enterprise Award
- Leading Environmental Initiative Award



○ The Group's relentless pursuit of excellence has earned numerous awards and recognitions during the year

# Sustainable Development



Sun Hung Kai Properties Hong Kong Cyclothon





The Group's signature Read to Dream programme



# Sustainable Development



○ Upholding high property handover standards through meticulous inspection

The Group integrates Environmental, Social and Governance (ESG) principles into its decision-making processes and, guided by the spirit of Building Homes with Heart, utilizes its resources and expertise to create long-term value for different groups of stakeholders. The Group is committed to meeting the latest ESG standards and actively promotes collaboration with stakeholders to help build a better society.

During the year, the Group was, for the first time, included in the Dow Jones Sustainability Asia Pacific Index, hence placed in the top 20% of companies in the region for sustainability performance. The Group was also listed in the *S&P Global Sustainability Yearbook* and the *S&P Sustainability Yearbook (China)* for the second consecutive year. Among other accolades, the Group was recognized for the first time by Morningstar Sustainalytics as a regional top-rated ESG performer. In addition, the Group continued to be one of the top three companies in the Hang Seng Corporate Sustainability Index, achieving the highest AAA rating. It also remained a constituent member of the FTSE4Good Index Series and achieved an A rating again in the MSCI ESG Ratings.



○ The Millennity and the mall beneath it became Hong Kong's first office and retail development to obtain WELL Core Platinum certification

## Commitment to Quality

Over the years, the Group has provided quality products and services to customers, keeping pace with their changing needs. As the city's first developer to offer a three-year warranty to first-hand purchasers of newly sold residential developments in Hong Kong, the Group has constantly raised property handover standards and offered comprehensive after-sales service. Its commitment to quality continued to earn the Group wide acclaim during the year, including a Top 10 Developers award at the BCI Asia Awards 2024.

The Group focuses on not only building quality but also enhancing people's well-being through its projects. The large-scale integrated project in Sai Sha, the latest example of the Group's integration of nature into its developments, includes a large complex of sports, dining, entertainment and recreational facilities. These features add vibrancy to the picturesque Sai Sha area, providing the public with a high-quality, expansive open space to enjoy.

Providing a healthy environment for users of its properties is also a priority for the Group. During the year, The Millennity, along with a shopping mall beneath it, became the first office and retail development in Hong Kong to obtain WELL Core Platinum certification from the International WELL Building Institute. At the same time, the Group's shopping malls are continuously evolving to provide customers with an enhanced one-stop experience. YOHO MIX, the extension of YOHO Mall in Yuen Long, features an outdoor plaza that hosts concerts, exhibitions and busking, offering visitors diverse entertainment options and facilitating community interactions.



○ SmarTone's smart home platform enhances residents' quality of life

The Group has made full use of smart technologies to enhance residents' quality of life. Through collaboration with its subsidiary SmarTone, the Group has pre-installed smart home platforms and in-wall Wi-Fi 6 wireless network systems in new residential units. Residents can enjoy the convenience of plug-and-play smart home device control without the need for renovations or wiring. In addition, the Group's property management subsidiaries are constantly introducing innovative smart technology applications to enhance the operational efficiency of their managed properties.

The SHKP Club, with a membership of over 500,000, proactively listens to and collects customers' feedback on the Group's products and services via online and offline platforms. This provides the Group with greater insights into changing market demands and customer interest. During the year, the Club continued to hold property seminars and established consultation counters, inviting experts from relevant sectors to provide advice for first-time buyers, home upgraders, property investors, and top talent. A new guided tour service was also organized at the show flats.

### Continuous Staff Development

The Group regards its workforce of more than 40,000 as its most valuable asset. It has built a collaborative and rewarding workplace that enables it to attract, retain and develop top talent. To support the professional and personal growth of its employees, the Group offers extensive learning opportunities, promising career prospects and competitive remuneration.

During the year, the Group organized thousands of training classes across a diverse range of disciplines, including property knowledge, communication skills, people- and business-management skills, technology, and mental and physical health. These programmes were a reflection of the Group's established



○ SHKP Club provides insights on changing market demands

corporate culture of continuous learning. Recognizing the growing importance of AI in the business world, the Group organized special training on AI and data analytics for all employees. These initiatives encouraged employees to leverage data to make better decisions, enhance customer service and identify opportunities. External experts were invited to share insights on topics such as generative AI applications, AI mindset and data-inspired leadership.

To build a quality talent pipeline, the Group continuously enhances its Graduate Trainee, Graduate Surveyor, and Graduate Engineer programmes with an aim to attract high-calibre graduates from leading universities. The Group also organizes various summer internships, co-op work, and work placement programmes to help university students explore their career interests and acquire practical job skills.

The Group continues to hone the professional management know-how of its supervisory and managerial staff via two leadership development programmes. Overseas professors



○ Promoting employee well-being through engaging interest classes



○ Upskilling the workforce with AI and data analytics training

# Sustainable Development



○ Exchange of green lease with UBS, anchor tenant of IGC

were invited to share global best practices and innovative approaches as regards business and technology strategies. Staff members are encouraged to use self-learning resources on the intranet, including short videos and bite-sized training programmes. They are also sponsored to attend external job-related courses, ranging from short seminars to master's degree programmes.

Apart from professional training, the Group has promoted the general well-being of its workforce and helped them achieve work-life balance through organizing interest classes, talks on topics such as parenting, mental health and physical wellness, leisure activities, and sponsoring employees to participate in sports events. Extending its care to family members, the Group continues to offer financial support to children of eligible staff to pursue university education through the SHKP Group Undergraduate Scholarships. It has also subsidized employees' children to join overseas exchange programmes through AFS Intercultural Exchanges.

## Commitment to the Environment

The Group is on track to meet its 10-year environmental targets, including reductions in greenhouse gas emissions, electricity consumption, water use, and construction waste diversion. As part of its efforts to support Hong Kong's goal of achieving carbon neutrality by 2050, the Group will, starting from this financial year, disclose its Scope 3\* emissions in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures and other international standards. The Group is committed to utilizing its Scope 3 inventory to enhance the management of its carbon emissions.

\* Scope 3 includes specific indirect emissions that occur in the upstream (e.g. supply chain) and downstream (e.g. customers) activities of an organization

Leading the industry by example, the Group has actively adopted green construction practices. During the year, the Group purchased three types of electric construction equipment, totalling nine units, to replace their diesel counterparts. The replacement is expected to result in an annual reduction of about 240 tonnes of carbon emissions, equivalent to planting over 10,000 trees. The initiative reduces not just emissions, but also noise at construction sites, creating a cleaner and healthier work environment for construction workers.

Adhering to stringent international and local green standards, the Group's projects have incorporated green elements into various aspects, ranging from design and construction to facility management. During the year, the Group's property management subsidiaries, Hong Yip and Kai Shing, signed memorandums of understanding with the Hong Kong Green Building Council (HKGBC) and BEAM Society Limited to support the application of BEAM Plus, a leading local green-building rating system, to projects outside Hong Kong.

The Group aims to achieve the Leadership in Energy and Environmental Design (LEED) Gold or Platinum ratings for its new major commercial projects. In terms of attributable gross floor area, 85% of the Group's core completed office buildings for long-term rental in Hong Kong and Shanghai have attained LEED Gold or Platinum ratings, including pre-certification. ICC, Sun Hung Kai Centre, One IFC and Two IFC in Hong Kong, along with Shanghai IFC, Shanghai ICC, One ITC, Two ITC, Tower A of Three ITC and Shanghai Central Plaza, attained LEED Platinum certifications. Among the Group's latest projects in Hong Kong, The Millennity and the High Speed Rail West Kowloon Terminus Development have achieved LEED Platinum pre-certification. As at 30 June 2024, the Group had obtained about 150 green-building-related certifications for its properties in Hong Kong.

The large-scale commercial project in Mong Kok will be another example of the Group's commitment to green buildings. Its eco-friendly initiatives will include the preservation of three banyan trees over 60 years old and planting more than 50 trees on the site for 30% greenery coverage, transforming the project into the Green Heart of Mong Kok.

The Group has continued to leverage its extensive property portfolio to engage the public in environmental protection. It has expanded its network of renewable energy, including solar panels, at its managed properties and construction sites, as well as installed more electric vehicle charging facilities at its properties. The Group has also provided easily accessible smart recycling machines at its commercial and residential buildings to facilitate the collection of recyclables. Many of the Group's shopping malls have participated in the Environmental Protection Department's (EPD) pilot scheme of point-to-point food waste collection. Food waste smart recycling bins have been installed at some of its residential buildings under another EPD pilot scheme. This comes with a gift redemption programme to encourage broader participation from residents.

The Nature Rescue mobile app, part of the SHKP Love Nature Campaign, underwent an upgrade during the year. The latest version has made it easier for users to engage in green missions, report rubbish blackspots, and earn The Point bonus points. The Group's promotion of a love of nature is also underpinned by its corporate membership of the World Wide Fund for Nature, which enables the expansion of its conservation and education programmes.

## Corporate Social Responsibility

The Group has consistently leveraged its resources and expertise to enhance the general well-being of the community. To make Hong Kong a better place to live and work in, the Group is dedicated to assisting the underprivileged, fostering social harmony, promoting the mental and physical health of the community, and nurturing and empowering talented youth.

The Group contributes to filling the short-term gap in public housing supply and improving the quality of life of people living in inadequate housing. The Group has lent a site on Yau Pok Road in Yuen Long to the HKSAR Government for the construction of 2,100 Light Public Housing (LPH) units. The estate will become one of the first LPH projects to start taking in residents around the first quarter of 2025. The Group's support for the underprivileged was also demonstrated by its continuous participation in the Strive and Rise programme to help secondary one to four students from low-income families broaden their horizons, reinforce self-confidence and strive for upward mobility.

The SHKP Volunteer Team is a major arm of the Group that delivers love and care to those in need. During the year, the volunteer team partnered with a charitable organization to launch a one-year home-enhancement programme for the elderly in Tuen Mun and Wong Tai Sin. Additionally, the Group contributed to the Caring Communities for Dementia Campaign by installing a special app on tablets used by the customer care centres at 25 SHKP malls and putting in place over 100 Bluetooth detection devices at the main entrances of a majority of these malls. This arrangement enabled the Group to leverage its extensive mall network to assist in locating elderly people with dementia who may have got lost.

The Group has supported the Government's efforts in reviving the economy and tourism post-pandemic via the Day x Night Vibes @ 18 Districts campaign. This included shopping malls of V Walk and Harbour North working with the Government and local groups in setting up bazaars, workshops, performances



○ SHKP Volunteer Team shares love and care with the underprivileged



○ The Group's malls support the Government's Day x Night Vibes @ 18 Districts campaign

## Sustainable Development



○ The Group continues to be the title and charity sponsor of the Sun Hung Kai Properties Hong Kong Cyclothon

and game booths to tie in with district events during Easter and anniversary celebrations of the establishment of the HKSAR on 1 July. Instagrammable spots are regularly introduced at the Group's malls to encourage more people to stay out in support of the retail and tourism sectors.

The Group has continued to provide quality leisure and entertainment options to the public, including operating the not-for-profit Ma Wan Park since 2007. The second phase of the Park is scheduled to open soon. The new phase, with a focus on conserving and revitalizing the Ma Wan Old Village, will integrate nature, art, culture and leisure. Featuring a variety of art studios that offer experiential art activities, the new attraction is set to become a captivating destination for both locals and tourists.

During the year, the Group continued to be the title and charity sponsor of the Sun Hung Kai Properties Hong Kong Cyclothon, contributing to Hong Kong's sporting event landscape. The Group also co-organized the Hong Chi Climbathon and sponsored several other running events including the Sun Hung Kai Properties Hong Kong 10K Championships, The Community Chest Corporate Challenge, Heung Yee Kuk New Territories Marathon 2024, and Hike for Hospice, with an aim to encourage more people to run for good causes.

The Group also utilized its shopping mall network to promote the Olympic spirit in Hong Kong. In addition to broadcasting Olympic events live on massive screens, the Group's malls hosted an Olympics-themed roving exhibition organized by the Sports Federation & Olympic Committee of Hong Kong, China. A series of related events were held in the malls to bring more excitement to the city.



○ Olympic-themed events, organized by the Sports Federation & Olympic Committee of Hong Kong, China, are held at various SHKP malls



○ The Group sponsors The Community Chest Corporate Challenge to encourage charitable running





○ The Point joins hands with Nature Rescue and Hong Chi Association to promote environmental protection

As a strong advocate of reading for nearly two decades, the Group has organized or supported various programmes to encourage the public, especially young people, to make reading a habit. In recent years, the Group's reading promotion has placed more emphasis on STEM education. The SHKP Reading Club continuously enhances the content of its online reading platform, Read for More. During the year, the Group provided the venue for the 2024 Hong Kong Reading+ carnival, a signature event of the Government's inaugural Hong Kong Reading Week sponsored by the Cultural and Creative Industries Development Agency (formerly known as Create Hong Kong).

To support youth development, the Group once again participated in the Government's Greater Bay Area Youth Employment Scheme, offering opportunities for university

graduates to gain experience at the Group's mainland offices. The Group also continued its support for the Scheme on Corporate Summer Internship on the Mainland and Overseas, offering internship opportunities at its mainland offices for young people from Hong Kong. In addition, the SHKP-Kwoks' Foundation has engaged in more than 85 charity projects since its establishment over 20 years ago, benefitting over 70,000 people across the country by supporting their secondary, undergraduate or postgraduate education, or providing them with professional training.

To help Hong Kong attract more high-quality talent, the Group launched SHKP Lifestyle, a community for newly arrived talent in Hong Kong under its residential leasing arm Signature Homes. In addition to meeting their accommodation needs, SHKP Lifestyle provides them with information on various aspects of living in Hong Kong and serves as a platform for mutual support, helping to bolster the Government's talent admission schemes.



○ SHKP-Kwoks' Foundation supports various projects for outstanding students

Through the SHKP Club, the Group promotes a spirit of loving home and strong family bonds within the community. During the year, the Club invited the members and the public to share heart-warming stories on the theme of Creating Loving Home Together, which, coupled with related activities, encouraged everyone to grow with their families and overcome challenges together.

More details of the Group's sustainability performance and initiatives can be found in the *Sustainability Report 2023/24*, which is available on the Group's website.

# Corporate Governance Report

Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in an open and responsible manner and following good corporate governance practices serve its long-term interests and those of its shareholders. Details of the Group's investor relations initiatives and the recognition it has received for good management and corporate governance are set out under the "Investor Relations" section of this annual report.

## Corporate Governance Practices

Rigorous standards of corporate governance enhance the Group's accountability and transparency, earning the confidence of its shareholders and the public. The Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the year ended 30 June 2024, except that there is no separation of the roles of chairman and chief executive.

The Board of Directors of the Company (the "Board") continues to monitor and review the Company's corporate governance practices to ensure compliance.

## Corporate Culture

The Group is committed to developing and leasing premium properties with attentive service to residents, shoppers and tenants, both in Hong Kong and on the mainland. The Group promotes its corporate culture in alignment with its core values and vision, which enables the Group to deliver its long-term strategies and create sustainable value for its shareholders and other stakeholders. At the same time, the Group is committed to ensuring that its businesses are conducted lawfully, ethically and responsibly, and in accordance with high standards of business ethics and corporate governance. More information about the Group's core values and strategic direction is set out under the "Business Model and Strategic Direction" section of this annual report.

The Directors take the lead in promoting the desired corporate culture and ensuring that it is reflected consistently in the policies and operating practices of the Group. Corporate culture and expected behaviours are clearly communicated to employees of the Group through orientation and training and they are also freely accessible on the intranet of the Group. Cultural elements are included in the employee performance measurement to incentivize the desired culture. Various indicators (including employee feedback, internal control activities and breaches of code of conduct) are used for assessing and monitoring corporate culture.

## Board of Directors

### Board Composition

As at the date of this annual report, the Board has 19 Directors comprising ten Executive Directors, two Non-Executive Directors and seven Independent Non-Executive Directors. Further details of the composition of the Board are set out on page 2.

During the year ended 30 June 2024, Mr. Wu Xiang-dong retired as an Independent Non-Executive Director of the Company at the annual general meeting of the Company (the "AGM") held on 2 November 2023.

An updated list of Directors identifying their roles and functions (the "Directors List") is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX"). Independent Non-Executive Directors are identified as such in the Directors List and all other corporate communications containing the names of the Directors.

Mr. Kwok Ping-luen, Raymond is an uncle of Mr. Kwok Kai-fai, Adam and Mr. Kwok Kai-chun, Geoffrey. He is also the father of Mr. Kwok Kai-wang, Christopher and Mr. Kwok Ho-lai, Edward. Mr. Kwok Kai-wang, Christopher is a cousin of Mr. Kwok Kai-fai, Adam and Mr. Kwok Kai-chun, Geoffrey, and the younger brother of Mr. Kwok Ho-lai, Edward. Save as disclosed above, there are no family or other material relationships among the members of the Board.

## **Board Diversity**

The Company adopted a board diversity policy (the “Diversity Policy”) setting out the approach to achieve diversity of the Board members in June 2013. The Company is committed to equality of opportunity and does not discriminate on the grounds of race, gender, age, disability, nationality or any other factors. It also recognizes and embraces the benefits of diversity in Board members. The Company sees diversity as a wide concept and believes that diversity of Board members can be achieved through consideration of a number of factors, including but not limited to background, age, gender, culture, industry experience, skills and knowledge, educational background and other qualities. The Company takes into account these factors based on its own business model and specific needs from time to time as well as the availability of suitable candidates in the market. The implementation and effectiveness of the Diversity Policy are subject to annual review.

As at the date of this annual report, the Board consists of 19 Board members with a diversity of perspectives in terms of age, gender, tenure of office, and professional and business experiences. There are two female representation on the Board which exceed the minimum requirement of the Listing Rules. One of the female Directors is an Executive Director, representing 10% of the total number of Executive Directors on the Board who are also members of the senior management of the Group. The Company targets to maintain the current level of female representation at the Board level and this target is subject to review from time to time. As the Group has diverse business activities in different geographical areas, the Company considers that it is more important for it to retain flexibility in the dynamic environment in which it operates and to have an appropriate mix of diversity in its board based on its own needs from time to time and as and when suitable candidates are identified. The Group will deploy all appropriate channels to identify suitable director candidates, including referral from Directors and internal promotion. The Group advocates a diverse and inclusive workplace that enables people with different backgrounds to work together. It continues to promote gender equality in the workforce by providing various training and guidance. As at 30 June 2024, the ratio of female to male in the workforce of the Group is approximately 1 to 1.34. Details on the Group’s gender diversity ratio at workforce and initiatives taken are set out in the standalone Sustainability Report.

The Company requests the Directors to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved. The Directors’ biographical information is set out on pages 145 to 155 and is also available on the website of the Company.

## **Board Independence**

As at the date of this annual report, the Company has seven Independent Non-Executive Directors, representing more than one-third of the Board, and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from all Independent Non-Executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules (the “Independence Guidelines”) and considers that they are independent. The retirement and re-election of the Independent Non-Executive Directors at the forthcoming AGM has been reviewed by the Nomination Committee and further details are set out in the section headed “Nomination Committee and Appointment of Directors” below.

The Board believes that the balance between Executive and Non-Executive Directors (including Independent Non-Executive Directors) is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the shareholders and the Group. Non-Executive Directors and Independent Non-Executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group’s strategies, performance, conflicts of interest and management process, and ensure that the interests of the shareholders are taken into account.

The Company has in place mechanisms to ensure independent views and input are available to the Board. The Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee are all chaired by Independent Non-Executive Directors, and while the majority of the members of the Remuneration Committee and the Nomination Committee are Independent Non-Executive Directors, the members of the Audit and Risk Management Committee only comprise Independent Non-Executive Directors. The Independent Non-Executive Directors meet the Chairman annually without the presence of the other Directors. No equity-based remuneration with performance-related elements is granted to the Independent Non-Executive Directors. Besides, they can seek independent professional advice at the Company’s expense, if necessary. These mechanisms are subject to annual review to ensure their effectiveness.

# Corporate Governance Report

## Board Meetings

The Board meets at least four times a year, and a tentative schedule for regular Board meetings for each year is provided to the Directors prior to the beginning of each calendar year. In addition, at least 14 days' notice of all regular Board meetings together with the meeting agenda is given to all Directors such that all Directors are given the opportunity to include matters for discussion in the agenda. Meeting agenda and accompanying meeting papers are sent to all relevant Directors at least three days in advance of every regular Board meeting and committee meeting. Directors may participate in meetings in person, by phone or by other communication means. Between regularly scheduled Board meetings, Directors may approve various matters by way of passing written resolutions. Additional Board meetings may be convened, if necessary.

The Company Secretary assists the Chairman in preparing the agenda for the Board meetings and ensures that all applicable rules and regulations regarding the proceedings of the Board meetings are followed. Draft and final versions of minutes of each Board meeting are sent to all Directors for their comments and records respectively within a reasonable time. The Company also keeps detailed minutes of each Board meeting, which are available for inspection by all Directors.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group during the year ended 30 June 2024. During the year, the Board discussed the overall strategies of the Group, monitored its financial and operational performance, approved the annual and interim results of the Group and the convening of the 2023 AGM. In addition, it approved an announcement with respect to the retirement of an Independent Non-Executive Director and two announcements regarding the issuance of debt instruments by a wholly-owned subsidiary of the Company. In August 2024, the Board also approved the appointment of a new member of the Executive Committee of the Company.

The Board held four regular meetings during the year ended 30 June 2024, and the attendance records of the Directors at the Board meetings are set out below:

<b>Directors</b>	<b>Meetings attended/held</b>
<b>Executive Directors</b>	
Kwok Ping-luen, Raymond ( <i>Chairman &amp; Managing Director</i> )	4/4
Wong Chik-wing, Mike ( <i>Deputy Managing Director</i> )	4/4
Lui Ting, Victor ( <i>Deputy Managing Director</i> )	4/4
Kwok Kai-fai, Adam	4/4
Kwok Kai-wang, Christopher	4/4
Tung Chi-ho, Eric	4/4
Fung Yuk-lun, Allen	4/4
Lau Tak-yeung, Albert	4/4
Fung Sau-yim, Maureen	4/4
Chan Hong-ki, Robert	4/4
<b>Non-Executive Directors</b>	
Kwan Cheuk-yin, William	4/4
Kwok Kai-chun, Geoffrey	4/4

<b>Directors (cont'd)</b>	<b>Meetings attended/held</b>
<b>Independent Non-Executive Directors</b>	
Yip Dicky Peter	4/4
Wong Yue-chim, Richard	4/4
Li Ka-cheung, Eric	4/4
Fung Kwok-lun, William	4/4
Leung Nai-pang, Norman	4/4
Leung Ko May-yee, Margaret	4/4
Fan Hung-ling, Henry	4/4
Wu Xiang-dong <sup>1</sup>	0/2

<sup>1</sup> Mr. Wu Xiang-dong retired as a Director with effect from 2 November 2023

Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Directors are given sufficient time for discussion at the Board meetings. Management is invited to join the Board meetings, where appropriate, to provide information to the Directors to enable the Board to make informed decisions. Where queries are raised by Directors, prompt and full responses will be given if possible.

Directors are required to declare their interests (if any) in the matters to be considered at the Board meetings in accordance with the articles of association of the Company (the "Articles of Association"). Should a potential conflict of interest involving a substantial shareholder or a Director arise, the matter will be dealt with by a physical meeting rather than by written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues. Pursuant to the Articles of Association, a Director who is considered to be materially interested in the matter shall abstain from voting on the resolution approving such matter.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors. In addition, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles of Association.

### **Chairman**

Mr. Kwok Ping-luen, Raymond is the Chairman and Managing Director of the Company. This is at variance with code provision C.2.1 of the Code, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Although the positions of Chairman and Managing Director are not separate, 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 seven 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.

The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings of which they are members.

During the year ended 30 June 2024, the Chairman held a meeting with the Independent Non-Executive Directors without the presence of the other Directors, in which the Independent Non-Executive Directors can share their views and raise any issues in the absence of other Directors and management of the Company.

# Corporate Governance Report

## Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or Alternate Director will be provided an induction package containing an overview of the Group's businesses and the applicable statutory and regulatory obligations of a director of a listed company, and he or she will receive legal advice from an external lawyer of the Company as regards the requirements under the Listing Rules that are applicable to him or her as a Director of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are also issued to the Directors and the senior executives where appropriate to keep them abreast of any latest changes in applicable legal and regulatory requirements and corporate governance practices. In addition, where necessary, external experts will be invited to give seminars to the Executive Directors and the senior executives to update their skills and knowledge.

During the year ended 30 June 2024, training materials regarding anti-corruption made by the Independent Commission Against Corruption were provided to the Directors. The Directors also participated in the following trainings:

Directors	Types of training	
	Attending or giving talks at seminars and/or conferences and/or forums and/or briefings	Reading materials on various topics*
<b>Executive Directors</b>		
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	✓	✓
Kwok Ho-lai, Edward	✓	✓
<i>(Alternate Director to Kwok Ping-luen, Raymond)</i>		
<b>Non-Executive Directors</b>		
Kwan Cheuk-yin, William	✓	✓
Kwok Kai-chun, Geoffrey		✓
<b>Independent Non-Executive Directors</b>		
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		✓

\* Topics include the Company's business, corporate governance matters, and directors' duties and responsibilities

## **Compliance with Model Code**

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules (the “Model Code”) as the code of conduct for the Directors and the relevant employees who are likely to possess inside information of the Group (the “Relevant Employees”) in their dealings in the Company’s securities.

Before the Group’s interim and annual results are announced, notifications will be sent to the Directors and the Relevant Employees to remind them not to deal in the securities of the Company during the blackout periods. In response to specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the year ended 30 June 2024.

## **Delegation by the Board**

The Board directs and approves the Group’s overall strategies. Given the diversity and volume of the Group’s businesses, responsibilities for execution and daily operations are delegated to management. The Board gives clear directions as to management’s power, and reviews the delegations to management, when necessary, to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

The Board has delegated specific roles and responsibilities to the Executive, Remuneration, Nomination, and Audit and Risk Management Committees. These Committees have specific terms of reference clearly defining their powers and responsibilities, and they are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board’s approval before taking any action. Meetings of the Committees are convened as often as necessary and some decisions of the Committees are made by way of passing written resolutions.

## **Executive Committee**

The Executive Committee was established in 1977 and now consists of all Executive Directors and four full time senior executives of the Group as its members, including a full time senior executive of the Group who was appointed by the Board as a new member of the Committee with effect from 1 September 2024. A list of the current members of the Committee and their biographical information are set out on page 2 and pages 145 to 156 respectively. In addition, three senior executives holding major positions in the Group have been invited by the Committee to attend its meetings regularly as associate members, and to contribute their experience and expertise to assist the Committee in its decision-making process. A list of the current associate members of the Committee is set out on page 156.

The Executive Committee meets regularly, usually once every week. It is primarily responsible for formulating business policies, making decisions on key business issues and policies, facilitating the approval of certain corporate actions and exercising the powers and authority delegated by the Board in respect of matters which arise between regularly scheduled Board meetings. A summary of the minutes of the meetings of, and the written resolutions passed by, the Executive Committee is provided to the Board for review at each regular Board meeting.

The Board has delegated to the Executive Committee its responsibilities to develop, review and monitor the policies and practices on corporate governance of the Group and to make recommendations to the Board, to review and monitor the Company’s policies and practices on legal and regulatory compliance, to review and monitor the code of conduct and ethical behaviour applicable to the Directors and employees and the training and continuous professional development of Directors and senior management, and to review the Company’s compliance with the Code and disclosures in the corporate governance reports.

# Corporate Governance Report

During the year ended 30 June 2024, the Executive Committee oversaw the daily business operations of the Group and made key business decisions. In addition, the Committee reviewed the Company's compliance with the Code and the applicable statutory and regulatory requirements, the Diversity Policy and the shareholders' communication policy of the Company (the "Shareholders' Communication Policy") and their implementation and effectiveness, and the disclosures in the corporate governance report. The Committee also approved the Sustainability Report of the Company. The attendance records of the members at the Committee meetings held during the year are set out below:

<b>Committee members</b>	<b>Meetings attended/held</b>
Kwok Ping-luen, Raymond	43/43
Wong Chik-wing, Mike	39/43
Lui Ting, Victor	41/43
Kwok Kai-fai, Adam	42/43
Kwok Kai-wang, Christopher	40/43
Tung Chi-ho, Eric	40/43
Fung Yuk-lun, Allen	37/43
Lau Tak-yeung, Albert	37/43
Fung Sau-yim, Maureen	42/43
Chan Hong-ki, Robert	41/43
Yung Sheung-tat, Sandy	42/43
Li Ching-kam, Frederick	42/43
Lam Ka-keung, Henry	42/43

## Remuneration Committee

The Remuneration Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Dr. Li Ka-cheung, Eric, Mr. Kwan Cheuk-yin, William and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them are Independent Non-Executive Directors.

The Company has adopted the model to delegate the determination of the remuneration packages of individual Executive Directors to the Remuneration Committee. The Committee is responsible for formulating and recommending remuneration policy to the Board and reviewing and making recommendations on compensation-related issues. The fees for the Directors are subject to the approval of the shareholders at the general meetings in accordance with the Articles of Association. The Committee, with the assistance of the Head of Internal Affairs, consults with the Chairman on its proposals and recommendations if necessary, and also has access to independent professional advice if necessary. The Committee is also provided with sufficient resources enabling it to perform its duties. The Committee's specific terms of reference are available on the websites of the Company and HKEX.

During the year ended 30 June 2024, the Remuneration Committee reviewed and approved the Directors' fees and the emoluments of the Executive Directors. Particulars of the Directors' emoluments are set out in note 7 to the consolidated financial statements. The Committee held a meeting during the year and the attendance records of the members at the meeting are set out below:

<b>Committee members</b>	<b>Meeting attended/held</b>
Wong Yue-chim, Richard ( <i>Chairman</i> )	1/1
Li Ka-cheung, Eric	1/1
Kwan Cheuk-yin, William	1/1
Leung Nai-pang, Norman	1/1



## Nomination Committee and Appointment of Directors

The Nomination Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Mr. Kwan Cheuk-yin, William, Mr. Yip Dicky Peter and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them are Independent Non-Executive Directors.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on the appointment and re-appointment of Directors, and Board succession. A nomination policy setting out the current nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of the Directors, has been adopted by the Company. Under the policy, the Committee will evaluate potential candidates by considering various factors, including their professional expertise, industry and business experience, time commitments, potential contributions to board diversity, and material conflict of interest with the Group (if any). The Committee will also consider the independence of candidates with reference to the Independence Guidelines if they will be appointed as Independent Non-Executive Directors. The Committee will then make recommendation of suitable candidates to the Board for consideration of appointment. In case of re-appointment of existing Directors who will retire at AGMs, the Committee will review the rotation and retirement of Directors and make recommendations to the Board accordingly.

The Nomination Committee also reviews the structure, size and composition of the Board and the Board committees. Sufficient resources are provided to the Committee to enable it to perform its duties, and it can seek independent professional advice at the Company's expense if necessary. The Committee's specific terms of reference are available on the websites of the Company and HKEX.

During the year ended 30 June 2024, the Nomination Committee reviewed the structure, size and composition of the Board and the Board committees. It also reviewed the retirement and re-election of Directors at the forthcoming AGM, including the re-election of the retiring Independent Non-Executive Directors. In accordance with the nomination policy, the Committee reviewed the biographies of those Independent Non-Executive Directors who will be subject to retirement and re-election at the forthcoming AGM (the "Retiring INEDs"), and taking into consideration their knowledge, experience, capability and various diversity aspects as set out in the Diversity Policy as well as their contributions to the Company over the years, the Committee is of the view that the Retiring INEDs will continue to contribute to the Board with their respective perspectives, skills and experience.

In addition, none of the Retiring INEDs has any financial or family relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company, which could give rise to a conflict of interests situation or otherwise affect their exercise of independent judgement. The Nomination Committee believes that the Retiring INEDs remain committed to their role as Independent Non-Executive Directors of the Company and will continue to be independent.

Each of Mr. Yip Dicky Peter and Professor Wong Yue-chim, Richard (being the two Retiring INEDs) has served the Company for more than nine years, during which period they have provided professional advice and insight to the Board. They have in-depth understanding of the Group's business and operation and have also demonstrated strong independence by providing impartial views and comments at Board and Board committee meetings during their tenure of office. They have not taken part in the day-to-day management of the Company. The Nomination Committee considered that the long service of Mr. Yip Dicky Peter and Professor Wong Yue-chim, Richard will not affect their exercise of independent judgment and was satisfied that each of Mr. Yip Dicky Peter and Professor Wong Yue-chim, Richard has the required integrity and experience to continue fulfilling the role of an Independent Non-Executive Director.

In view of the above, the Nomination Committee believes that the re-election of the retiring Directors (including the Retiring INEDs) at the forthcoming AGM will be in the best interests of the Company and its shareholders as a whole and has agreed to nominate them to the Board to stand for re-election at the forthcoming AGM.

# Corporate Governance Report

The Nomination Committee held a meeting during the year ended 30 June 2024 and the attendance records of the members at the meeting are set out below:

<b>Committee members</b>	<b>Meeting attended/held</b>
Wong Yue-chim, Richard ( <i>Chairman</i> )	1/1
Kwan Cheuk-yin, William	1/1
Yip Dicky Peter	1/1
Leung Nai-pang, Norman	1/1

All Directors have formal letters of appointment setting out the key terms of their appointments. New Director appointed by the Board shall hold office until the next following AGM and shall then be eligible for re-election. In accordance with the Articles of Association, one-third of the Directors are required to retire from office by rotation and are eligible for re-election at each AGM. In addition, all Directors do not have a specific term of appointment and they are subject to retirement by rotation and are eligible for re-election at least once every three years. The re-election of all retiring Directors (including those Independent Non-Executive Directors who have served the Company for more than nine years) will be subject to separate resolutions to be approved at the AGM.

## Audit and Accountability

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors also acknowledge their responsibility for preparing the financial statements that give a true and fair view of the Group's financial position on a going-concern basis, and for presenting a balanced, clear and understandable assessments in its annual and interim reports, other inside information announcements and other financial disclosures. All Board members are provided with monthly updates, including contracted property sales updates, upcoming projects, leasing and hotel project updates, major investment projects under development and financial position, which give the Directors a balanced and understandable assessment of the performance, position and prospects of the Group. Management provides all relevant information to the Board, giving the members sufficient explanation and information they need to discharge their responsibilities. A statement by the external auditor of the Company in respect of its reporting responsibilities is set out in the Independent Auditor's Report.

## Audit and Risk Management Committee

The Audit Committee was established in 1999 and was renamed as the Audit and Risk Management Committee in June 2016 to reflect its role in risk management. The Committee is chaired by Dr. Li Ka-cheung, Eric, and other members of the Committee are Mr. Yip Dicky Peter, Dr. Leung Nai-pang, Norman and Professor Wong Yue-chim, Richard. All members of the Committee are Independent Non-Executive Directors.

No former partner of the Company's existing auditing firm acted as a member of the Audit and Risk Management Committee within two years from the date of his ceasing to be a partner or to have any financial interest in the auditing firm.

The duties of the Audit and Risk Management Committee include:

- reviewing the Group's financial statements and annual reports and accounts, and interim reports before submitting them to the Board;
- reviewing the Group's financial controls, and its risk management and internal control systems;
- ensuring that management has fulfilled its duty to establish and maintain an effective risk management and internal control systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting function, as well as those relating to the Company's environmental, social and governance ("ESG") performance and reporting;
- considering major investigation findings on risk management and internal control matters;

- reviewing the internal audit programme and ensuring the internal audit function is adequately resourced and effective;
- reviewing the Group’s financial and accounting policies and practices;
- reviewing the external auditor’s management letter and questions raised by the external auditor to management, and management’s response to such questions;
- reporting to the Board on matters required to be performed by the Committee under the applicable code provisions of the Code;
- meeting with the external auditor to discuss issues regarding audit at least once a year in the absence of management; and
- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters.

The Audit and Risk Management Committee is provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Committee are available on the websites of the Company and HKEX.

The Audit and Risk Management Committee held three meetings during the year ended 30 June 2024. It had reviewed the interim and annual results of the Group, and discussed and approved the relevant financial reports; reviewed the Group’s risk management and internal control systems, the risk assessment result and the internal audit activities; and discussed the audit plans of the external auditor, the internal audit plans and the ESG matters. It also approved a non-assurance services concurrence policy with respect to the engagement of the external auditor to perform non-assurance services. Two private sessions between the members of the Committee and the external auditor without the presence of management had been arranged in these meetings. The attendance records of the members at the Committee meetings are set out below:

<b>Committee members</b>	<b>Meetings attended/held</b>
Li Ka-cheung, Eric ( <i>Chairman</i> )	3/3
Yip Dicky Peter	3/3
Leung Nai-pang, Norman	3/3
Wong Yue-chim, Richard	2/3

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit and Risk Management Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in non-audit services will not impair its audit independence or objectivity. A non-assurance services concurrence policy has been established which sets out (among others) (i) the non-assurance services which the external auditor is prohibited from providing and (ii) the process for obtaining pre-concurrence from the Committee on those non-assurance services where such concurrence is required. In addition, an independence confirmation has been obtained from the external auditor which confirmed that during the course of its audit on the Group’s consolidated financial statements for the year ended 30 June 2024 and thereafter to the date of the annual report, it is independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the external auditor for the year ended 30 June 2024 amounted to approximately HK\$23 million and HK\$7 million respectively. The non-audit services mainly consist of consultancy, taxation, review and other reporting services. These fees have been reviewed by the Audit and Risk Management Committee.

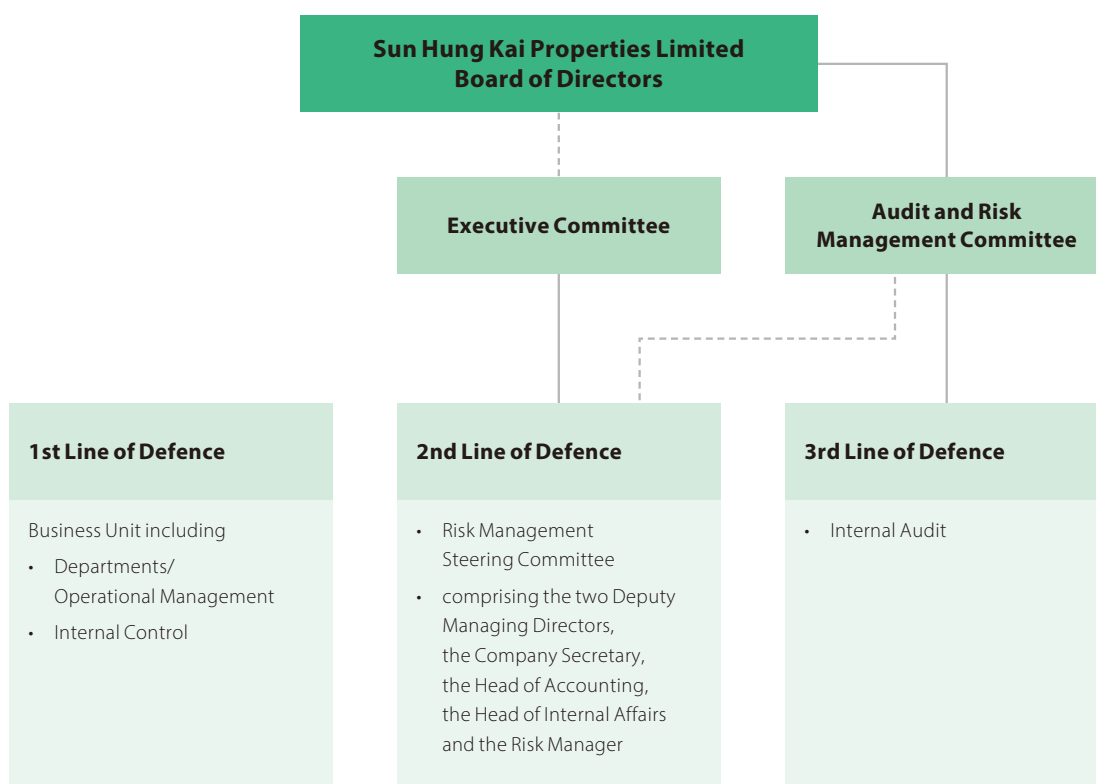
# Corporate Governance Report

## Risk Management and Internal Control

The Group has diverse business activities in Hong Kong, on the mainland and in Singapore and is exposed to different risks in a dynamic environment. Effective risk management is therefore essential for the long-term growth and sustainability of the businesses of the Group. The Board is responsible for the overall strategy and development of the Group's businesses; for setting its corporate goals and risk appetite; for establishing and maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests; and for reviewing the effectiveness of the systems. The Board assesses the effectiveness of the risk management and internal control systems through the reviews performed by the Audit and Risk Management Committee, executive management and both internal and external auditors. It should be acknowledged that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### Risk Management

The Group's risk governance structure is guided by the "Three Lines of Defence" model as shown below:



### First Line of Defence

Each business unit including department/operational management and internal control (collectively the "Business Unit") has the duty to manage its own risks in the course of its daily operations, including:

- (i) establishing its own risk management measures for identifying, measuring, mitigating and monitoring its own risks;
- (ii) designing and executing control procedures to mitigate the risks identified;
- (iii) completing a risk assessment template and submitting its assessment results to the Risk Management Steering Committee twice a year;

- (iv) operating in a manner that is in line with the risk appetite of the Group; and
- (v) implementing any risk action plans as advised by the Risk Management Steering Committee and/or the Internal Audit Department and/or the Audit and Risk Management Committee to address any significant risks that may affect its operation.

### **Second Line of Defence**

The Risk Management Steering Committee is under the direct supervision of the Executive Committee and also accountable to the Audit and Risk Management Committee. Members of this Committee comprise the two Deputy Managing Directors, the Company Secretary, the Head of Accounting, the Head of Internal Affairs and the Risk Manager. The Risk Management Steering Committee is primarily responsible for:

- (i) providing assistance to the Board and the Audit and Risk Management Committee in overseeing and monitoring the operation of the risk management and internal control systems;
- (ii) reviewing the risk assessment results submitted by each Business Unit, providing support and guidance to them, and putting forward any risk action plans for implementation by them;
- (iii) reporting its work done to the Audit and Risk Management Committee twice a year; and
- (iv) proposing any enhancement to the risk management and internal control systems for consideration by the Audit and Risk Management Committee and/or the individual Business Unit concerned.

### **Third Line of Defence**

The Internal Audit function is performed by the Group's Internal Audit Department, which is primarily responsible for:

- (i) performing audits to evaluate the proper functioning of the risk management and internal control systems;
- (ii) reporting its findings to the Audit and Risk Management Committee and providing the Committee with an independent and objective assurance on the effectiveness of the risk management and internal control systems of the Group;
- (iii) putting forward any risk action plans for implementation by the relevant Business Units concerned; and
- (iv) proposing any enhancement to the risk management and internal control systems for consideration by the Audit and Risk Management Committee and/or the Risk Management Steering Committee and/or the individual Business Unit concerned.

# Corporate Governance Report

## **Audit and Risk Management Committee**

The Audit and Risk Management Committee assists the Board in overseeing the risk management and internal control systems of the Group, including:

- (i) reviewing the risk management and internal control systems of the Group with the Internal Audit Department twice a year to ascertain whether management has fulfilled its responsibilities in establishing and maintaining effective systems;
- (ii) reviewing the risk assessment results, including changes in the nature and extent of significant risks since the last review and the Group's ability to respond to changes in its business and the external environment;
- (iii) discussing with management on the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting to ensure that these are adequate;
- (iv) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (v) identifying any significant risks that should be drawn to the attention of the Board;
- (vi) putting forward any risk action plans for implementation by the relevant Business Units concerned; and
- (vii) reviewing and considering any enhancement to the risk management and internal control systems as proposed by the Risk Management Steering Committee and/or the Internal Audit Department.

## **Board of Directors**

The Board has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems, including:

- (i) setting the Group's strategies and corporate goals;
- (ii) evaluating and determining the nature and extent of the risks it is willing to take in achieving its strategic and business objectives;
- (iii) overseeing management in the design, implementation and monitoring of the risk management and internal control systems;
- (iv) overseeing the risk management and internal control systems on an ongoing basis, and ensuring that a review of the systems is conducted twice a year to ensure their effectiveness;
- (v) reviewing the changes in the nature and extent of significant risks since the last review and the Group's ability to respond to changes in its business and the external environment;
- (vi) considering the scope and quality of management's ongoing monitoring of risks and of the internal control systems;
- (vii) considering the extent and frequency of communication of monitoring results to the Board; and
- (viii) considering any significant control failings or weaknesses that have been identified during the period.

## **Internal Control**

Risk management is integrated with the Group's internal control system which was developed based on the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) principles as follows:

### **(i) Control Environment**

- demonstrates a commitment to integrity and ethical values
- the Board demonstrates independence from management and exercises oversight of the development and performance of internal control
- management establishes, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives
- demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives
- holds individuals accountable for their internal control responsibilities in the pursuit of objectives

### **(ii) Risk Assessment**

- specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives
- identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed
- considers the potential for fraud in assessing risks to the achievement of objectives
- identifies and assesses changes that could significantly impact the system of internal control

### **(iii) Control Activities**

- selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels
- selects and develops general control activities over technology to support the achievement of objectives
- deploys control activities through policies that establish what is expected and procedures that put policies into place

### **(iv) Information and Communication**

- obtains or generates and uses relevant, quality information to support the functioning of internal control
- internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- communicates with external parties regarding matters affecting the functioning of internal control

### **(v) Monitoring Activities**

- selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning
- evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate

The internal control system aims at safeguarding assets from inappropriate use, maintaining proper accounts, ensuring compliance with laws and regulations, and enabling timely identification and management of key risks that may have impact on the Group. Management is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems. The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and Business Units covering project development, tendering, sales and leasing, financial reporting, human resources and computer systems.

# Corporate Governance Report

A code of conduct is maintained and communicated to all employees for compliance. In addition, whistleblowing mechanism is in place for our employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns in confidence and anonymity about suspected misconducts, malpractices or fraudulent activities relating to the Group. The identity of the whistleblower will be treated with the strictest confidence. The Company has also established an anti-corruption policy that promotes and supports all applicable anti-corruption laws and regulations in force in the jurisdictions in which the Group has operations.

The Company has a policy on inside information in place setting out the principles and procedures for handling and disclosing inside information of the Group in compliance with the relevant requirements under Part XIVA of the Securities and Futures Ordinance and the Listing Rules, and such policy has been communicated to the relevant senior executives of the Group. The policy contains provisions for establishing an internal committee to ascertain whether certain information constitutes inside information of the Group, and (where necessary) for escalating the matter to the senior management of the Group for final determination. To prevent inadvertent disclosure of inside information, the policy also prescribes certain measures in place, including restricting access to inside information to employees on a need-to-know basis, requiring documents and files containing inside information to be kept in a safe place, and requiring that confidentiality agreements be made with external parties in appropriate cases.

## Key Risk Factors

The following section lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below:

### Risks Pertaining to the Property Market in Hong Kong

A substantial part of the Group's property portfolio is located in Hong Kong, and a substantial part of the Group's revenue is derived in Hong Kong. As a result, general state of the economy and the property market, stock market performance, legislative and regulatory changes, government policies and political conditions, interest rate and currency fluctuation, labour market conditions, availability of financing and supply chain disruption may have a significant impact on the Group's operating results and financial conditions. For instance, profitability of the property development business may be affected due to deteriorating economic conditions or intense competition from other developers and property owners. Construction work may not be completed on schedule or within budget due to supply chain disruption, shortage of labour or increase in labour cost. Launch of new property projects may be affected by intense competition from other developers or unfavourable market conditions. Further growth of the Group's property development business may also be impacted by the supply and price levels of land in Hong Kong.

Rental levels in Hong Kong are subject to competition arising from supply in the primary sector. In addition to the economic and market conditions mentioned above, other domestic and external economic and political factors including but not limited to supply and demand conditions, and stock market performance may affect the Group's property investment business. Retail rent and occupancy levels may also be affected as a result of the change in consumer and tourist behaviour.

### Risks Pertaining to the Property Market on the Mainland

The Group has material interests in residential and commercial property development and property investment on the mainland and is therefore subject to the risks associated with the mainland property market. The Group's operations on the mainland may also be exposed to the risks of policy changes, interest rate and currency fluctuation, demand-supply imbalance, changes in the overall economic conditions, competition in the labour market, availability of financing and supply chain disruption, which may pose an adverse impact on the Group's business, financial condition or results of operations.



### **Operational Risks**

The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems, leakage of sensitive information by hacking or accidents, inadequate responses to negative events or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to financial loss, litigation, or damage in reputation.

### **ESG Risks**

Riding on the COSO principles where our risk management and internal control systems are based, the Group is integrating ESG risks into its risk management and internal control systems to better manage enterprise-wide risks. Some of the ESG risks are of particular concern to the Group including climate change, energy efficiency and waste management for environmental aspect; community investment and engagement, tenant/customer engagement and responsible supply chain management for social aspect; and ethics and integrity, information privacy and risk and crisis management for governance aspect. Such integration can provide additional strategic and operational leverage for the Group as it seeks to succeed and grow in today's turbulent environment. The Sustainability Steering Committee is appointed to supervise and manage sustainability issues across operations, including evaluation of the ESG related risks and execution of the sustainability strategy. The ESG related risks, strategies and initiatives are included in the Sustainability Report.

### **Mitigating Principal Risks Faced by the Group**

The risk management and internal control systems have been designed to operate proactively to ensure that principal risks are not only identified, measured and monitored but also mitigated. Under such systems, management staff of various departments would identify suitable internal controls and countermeasures to mitigate principal risks faced by the Group. When formulating mitigating measures, important factors such as regulatory requirements, risk appetite, adequacy and effectiveness of mitigating actions proposed, risk owners in place to implement risk mitigating measures, and feasibility of transferring risks to third parties were taken into consideration. The objective of these risk mitigating plans is to ensure that principal risks are well managed and governed effectively.

In addition, the Group set up a crisis management taskforce to coordinate, respond to and tackle ad hoc events and key issues and risks in an effective manner. Co-led by two Deputy Managing Directors, the taskforce comprises senior management members of major Business Units.

### **Past Performance and Forward-Looking Statements**

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (i) any obligations to correct or update the forward-looking statements or opinions contained in this annual report; and (ii) any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

# Corporate Governance Report

## ***Effectiveness of Risk Management and Internal Control Systems***

During the year ended 30 June 2024, the Risk Management Steering Committee has worked with major Business Units and senior management to enhance the risk management and internal control systems. Activities included updating the risk assessment templates to include risk predictors (which are critical predictors of unfavourable events that can adversely impact individual Business Units concerned), and providing risk training to and maintaining ongoing interactive dialogues with the Business Units. It has also reviewed the major risks for operations in Hong Kong and on the mainland.

The Group's Internal Audit Department, which has been established for more than 30 years, performs independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The department has direct access to the Audit and Risk Management Committee and has rights to access all records, assets and personnel as stipulated in the Internal Audit Charter. The department follows a risk-based approach to formulate the audit plan that focuses on the top risks identified. The risks for departments and Business Units are assessed using the pre-determined risk criteria. The assessment results are consolidated and ranked from an enterprise-wide perspective. The Audit and Risk Management Committee reviews and approves annually the audit plan, which is formulated based on the risk assessment result. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit and Risk Management Committee. The department monitors the follow-up actions agreed upon in response to recommendations.

The Board through the Audit and Risk Management Committee reviewed the risk assessment results, and the risk management and internal control systems of the Group for the year ended 30 June 2024, including financial, operational and compliance controls. The review includes considering the internal control evaluations conducted by executive management and the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions as well as those relating to the Group's ESG performance and reporting. Based on the result of the review, the Board considered that for the year ended 30 June 2024, the risk management and internal control systems of the Group were effective and adequate.

## **Shareholder Relations**

### ***Dividend Policy***

The Company has adopted a dividend policy which aims to provide shareholders of the Company with a sustainable dividend and to pay out 40% to 50% of the underlying net profit of the Group. In determining the dividend amount, the Board will take into account a number of factors such as the Group's financial performance, future capital expenditures and financial position as well as the general economic and business conditions. The policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions.

### ***Shareholders' Communication Policy***

The Board established the Shareholders' Communication Policy setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that its communications with the shareholders are timely, transparent, accurate and open. Information will be communicated to the shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars) and AGMs, as well as disclosures on the website of the Company.

Interim reports, annual reports and circulars are sent to the shareholders in a timely manner and are also available on the websites of the Company and HKEX. The Company's website provides shareholders with its corporate information, such as its principal business activities and major property projects, the corporate governance practices and sustainable development of the Group. For efficient communication with shareholders and in the interest of environmental protection, arrangements are made to allow shareholders to elect to receive corporate communications of the Company by electronic means through the Company's website.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any queries that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact the share registrar of the Company if they have any enquiries about their shareholdings and entitlements to dividend.

The Company is committed to protecting the privacy right on all personal data collected from shareholders. When collecting personal data from the shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided for accessing and correcting this personal data.

The Company through the Executive Committee has reviewed the Shareholders' Communication Policy. Having considered the multiple channels in place for shareholders to communicate their views, the Executive Committee was satisfied that the Shareholders' Communication Policy was appropriate and effective, and had been properly implemented during the year.

### **Annual General Meeting**

The AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions on each substantially separate matter to the shareholders for their consideration and approval. Members of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, and the external auditor also attend the AGM to answer questions from shareholders. Simultaneous interpretation is provided to facilitate smooth and direct communication between shareholders and Directors.

AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of AGM is distributed to all shareholders at least 21 clear days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required to be disclosed under the Listing Rules. The chairman of the AGM exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for conducting a poll are explained at the meeting prior to the polls being taken and the share registrar of the Company acts as the scrutineer for the vote-taking at the meeting. An announcement setting out the voting results and the attendance of the Directors at the AGM is available on the websites of the Company and HKEX on the day of the AGM.

The 2023 AGM was held on 2 November 2023 at the Company's headquarters. Businesses transacted at the 2023 AGM included the adoption of audited consolidated financial statements, the approval of final dividend, the re-election of Directors and fixing of the Directors' fees, the re-appointment of auditor and the renewal of general mandates with respect to the buy-back of shares and the issue of new shares.

# Corporate Governance Report

The attendance records of the Directors at the 2023 AGM are set out below:

<b>Directors</b>	<b>AGM attended</b>
<b>Executive Directors</b>	
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	✓
<b>Non-Executive Directors</b>	
Kwan Cheuk-yin, William	✓
Kwok Kai-chun, Geoffrey	✓
<b>Independent Non-Executive Directors</b>	
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	

Shareholder(s) holding at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can send a request to the Company to convene a general meeting pursuant to Section 566 of the Companies Ordinance. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form.

Besides, Section 615 of the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the AGM; or (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM may request the Company to circulate a notice of a resolution for consideration at the AGM. Such request must identify the resolution to be moved at the AGM and must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form not later than six weeks before the relevant AGM or if later, the time when the notice of the AGM is despatched.

During the year ended 30 June 2024, no amendment was made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Company and HKEX.

# Directors' Report

The Directors are pleased to present their report together with the consolidated financial statements of the Group for the year ended 30 June 2024, which were approved by the Board of Directors (the "Board") on 5 September 2024.

## Principal Activities

The principal activity of the Company is investment holdings.

The principal activities of the Group are the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics, and data centre operations. Other ancillary and supporting businesses, which are described under principal subsidiaries, joint ventures and associates on pages 220 to 228, are integrated with the main business of the Group. An analysis of the Group's performance for the year by reportable and operating segments in business operation and geographical area is set out in note 3 to the consolidated financial statements.

## Business Review

A fair review of the Group's business, an indication of its likely future development and an analysis of it using financial key performance indicators as well as particulars of important events affecting the Group that have occurred since the end of the year ended 30 June 2024 (if any) are discussed in the "Financial Highlights and Land Bank", "Five-Year Financial Summary", "Chairman's Statement", "Business Model and Strategic Direction", "Review of Operations" and "Financial Review" sections on pages 4 to 101. A description of the principal risks and uncertainties facing the Group is set out in the "Corporate Governance Report" on pages 126 and 127. An account of the Group's key relationships with its stakeholders and a discussion on the Group's environmental policies and performance are included in the "Investor Relations" and "Sustainable Development" sections on pages 102 to 111 and the standalone Sustainability Report. The above discussions form part of this report.

The Residential Properties (First-hand Sales) Ordinance regulates the sales of first-hand uncompleted and completed residential properties in Hong Kong, with a view to enhancing the transparency, fairness and consumer protection of the sales of first-hand residential properties. The Group takes particular care to comply with the requirements of this ordinance in relation to, among other things, sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements, and mandatory provisions for preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties, not only through established internal procedures, but also by engaging external professional advisors including architects, surveyors and solicitors in checking the accuracy of the information contained in the relevant documents made available to the public in connection with such sales.

In relation to human resources, the Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, and ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees, customers, tenants and purchasers of its properties, members of the SHKP Club and owners of properties under its management.

On the corporate level, the Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (the "SFO") for, among other things, the disclosure of information and corporate governance matters, and the Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

# Directors' Report

## Group Profits

Profit after taxation for the year ended 30 June 2024, including share of results from joint ventures and associates, amounted to HK\$19,605 million (2023: HK\$24,575 million). After taking non-controlling interests into account, profit attributable to the Company's shareholders was HK\$19,046 million (2023: HK\$23,907 million).

## Dividends

An interim dividend of HK\$0.95 per share (2023: HK\$1.25 per share) was paid on 20 March 2024. The Board has recommended a final dividend of HK\$2.80 per share (2023: HK\$3.70 per share), making a total dividend of HK\$3.75 per share for the full year ended 30 June 2024 (2023: HK\$4.95 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Thursday, 7 November 2024 (the "2024 Annual General Meeting"), will be payable in cash on Thursday, 21 November 2024 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 13 November 2024. Shares of the Company will be traded ex-dividend as from Monday, 11 November 2024.

## Shares Issued

No shares were issued by the Company during both the years ended 30 June 2023 and 2024.

Details of the share capital of the Company are set out in note 29 to the consolidated financial statements and on pages 166 and 167 respectively.

## 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 year ended 30 June 2024.

## Reserves

Movements in the reserves of the Company and the Group during the year are shown in note 30 to the consolidated financial statements and on pages 166 and 167 respectively.

## Investment Properties, and Property, Plant and Equipment

Movements in investment properties, and in property, plant and equipment during the year are shown in notes 12 and 13 to the consolidated financial statements respectively.

## Five-Year Financial Summary

The results, assets and liabilities of the Group for the last five financial years are summarized on page 6.

## Property Development and Property Investment

Particulars of major property development and property investment in Hong Kong held by the Group are set out on pages 40 and 41, and pages 54 and 55 respectively; and particulars of major property development and property investment on the mainland held by the Group are set out on pages 70 and 71, and pages 80 and 81 respectively.

## Directors

The list of Directors and their biographical information as at the date of this report are set out on page 2, and pages 145 to 155 respectively.

During the year, Mr. Wu Xiang-dong retired as an Independent Non-Executive Director at the annual general meeting of the Company held on 2 November 2023. All other Directors held office for the whole year.

In accordance with Article 103(A) of the articles of association of the Company (the "Articles of Association"), Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard, Mr. Kwan Cheuk-yin, William, Mr. Kwok Kai-fai, Adam, Mr. Tung Chi-ho, Eric, Mr. Lau Tak-yeung, Albert and Ms. Fung Sau-yim, Maureen will retire from office and, being eligible, have offered themselves for re-election at the 2024 Annual General Meeting. Mr. Yip Dicky Peter and Professor Wong Yue-chim, Richard, both being Independent Non-Executive Directors, have served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, their re-election will be subject to separate resolutions to be approved at the 2024 Annual General Meeting.

Details regarding the re-election of the above Directors at the 2024 Annual General Meeting are set out in the circular to the Shareholders published together with this report.

None of the above Directors proposed for re-election has a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each Independent Non-Executive Director a confirmation of his or her independence pursuant to the independence guidelines under the Listing Rules, and considers that all the Independent Non-Executive Directors are independent.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is kept at the registered office of the Company and available for inspection by the Shareholders during office hours.

# Directors' Report

## Directors' and Chief Executives' Interests

As at 30 June 2024, 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 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 set out in Appendix C3 to 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 30.06.2024
	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 <sup>1</sup>	–	568,610,186 <sup>2&amp;7</sup>	570,378,929	–	570,378,929	19.68
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 <sup>1</sup>	–	–	6,000	–	6,000	0.00
Li Ka-cheung, Eric	–	4,028 <sup>1</sup>	–	–	4,028	–	4,028	0.00
Fung Kwok-lun, William	220,000	9,739 <sup>1</sup>	–	–	229,739	–	229,739	0.01
Leung Nai-pang, Norman	20,000	10,833 <sup>1</sup>	–	–	30,833	–	30,833	0.00
Leung Ko May-yee, Margaret	15,372	–	–	–	15,372	–	15,372	0.00
Kwok Kai-chun, Geoffrey	–	–	–	562,449,457 <sup>4,5&amp;7</sup>	562,449,457	–	562,449,457	19.41
Kwok Kai-fai, Adam	–	–	32,000 <sup>3</sup>	570,523,332 <sup>5&amp;7</sup>	570,555,332	–	570,555,332	19.69
Kwok Kai-wang, Christopher	110,000 <sup>8</sup>	60,000 <sup>1</sup>	–	568,610,186 <sup>2&amp;7</sup>	568,780,186	–	568,780,186	19.63
Chan Hong-ki, Robert	100,000	–	–	–	100,000	–	100,000	0.00
Kwok Ho-lai, Edward	32,000	–	–	568,610,186 <sup>2&amp;7</sup>	568,642,186	–	568,642,186	19.62

(Alternate Director to Kwok Ping-luen, Raymond)

Notes:

- These shares in the Company were held by the spouse of the Director concerned.
- Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 568,610,186 shares in the Company 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.
- 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 351,275,561 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 570,523,332 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 568,610,186 shares, 351,275,561 shares and 570,523,332 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 120,092,723 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. 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 <sup>1</sup>	Total	% of issued voting shares as at 30.06.2024
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	–	–	3,485,000 <sup>283</sup>	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 <sup>4</sup>	–	341,142	–	341,142	0.01
Kwok Kai-chun, Geoffrey	–	–	11,927,658 <sup>285</sup>	11,927,658	–	11,927,658	0.51
Kwok Kai-fai, Adam	–	–	11,927,658 <sup>285</sup>	11,927,658	–	11,927,658	0.51
Kwok Kai-wang, Christopher	–	–	13,272,658 <sup>2,385</sup>	13,272,658	–	13,272,658	0.57
Fung Yuk-lun, Allen	4,000,000	–	–	4,000,000	4,000,000	8,000,000	0.34
Kwok Ho-lai, Edward <i>(Alternate Director to Kwok Ping-luen, Raymond)</i>	–	–	13,272,658 <sup>2,385</sup>	13,272,658	–	13,272,658	0.57

# Directors' Report

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 these share options and their movements during the year ended 30 June 2024 were as follows:

Name of Director	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2023	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2024
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

The above 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.

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 30.06.2024
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	–	5,162,337 <sup>1</sup>	5,162,337	–	5,162,337	0.47
Kwok Kai-chun, Geoffrey	–	6,849,161 <sup>2</sup>	6,849,161	–	6,849,161	0.62
Kwok Kai-fai, Adam	–	6,849,161 <sup>2</sup>	6,849,161	–	6,849,161	0.62
Kwok Kai-wang, Christopher	–	12,011,498 <sup>1&amp;2</sup>	12,011,498	–	12,011,498	1.09
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Ho-lai, Edward <i>(Alternate Director to Kwok Ping-luen, Raymond)</i>	–	12,011,498 <sup>1&amp;2</sup>	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.

# Directors' Report

## (c) Transport International Holdings Limited ("Transport International")

Name of Directors	Number of shares held		Number of underlying shares held under equity derivatives <sup>1</sup>	Total	% of issued voting shares as at 30.06.2024
	Personal interests (held as beneficial owner)	Sub-total			
Kwok Ping-luen, Raymond	625,107 <sup>2</sup>	625,107	830,000	1,455,107	0.29
Lui Ting, Victor	300,000	300,000	–	300,000	0.06
Li Ka-cheung, Eric	17,600	17,600	830,000	847,600	0.17
Leung Nai-pang, Norman	644,774	644,774	920,000	1,564,774	0.31
Fung Yuk-lun, Allen	–	–	830,000	830,000	0.16

Notes:

- 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 year ended 30 June 2024 were as follows:

Name of Directors	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2023	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2024
Kwok Ping-luen, Raymond	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	430,000	–	–	–	430,000
Li Ka-cheung, Eric	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	430,000	–	–	–	430,000
Leung Nai-pang, Norman	19.11.2020	15.32	19.11.2021 to 18.11.2025	450,000	–	–	–	450,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	470,000	–	–	–	470,000
Fung Yuk-lun, Allen	19.11.2020	15.32	19.11.2021 to 18.11.2025	400,000	–	–	–	400,000
	31.03.2023	10.60	31.03.2024 to 30.03.2028	430,000	–	–	–	430,000

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.

- Of these shares in Transport International, 620,148 shares were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.

- (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 30.06.2024
Hung Carom Company Limited	25 <sup>1</sup>	25.00
Tinyau Company Limited	1 <sup>1</sup>	50.00
Open Step Limited	8 <sup>1</sup>	80.00
Vivid Synergy Limited	963,536,900 <sup>1</sup>	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 30 June 2024, 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.

## Share Option and Share Award Schemes

The Company had no share option scheme or share award scheme during the year ended 30 June 2024.

Both SUNeVision and SmarTone (being subsidiaries of the Company) operate share option schemes in order to provide incentives to their participants to make more contributions to their respective groups. Participants of their respective share option schemes may be granted rights to subscribe for their respective new shares at pre-determined exercise prices during the exercise periods.

In addition, in order to provide incentives to the participants to make more contributions to the SmarTone group, SmarTone has adopted a share award scheme under which shares of SmarTone will be acquired by a trustee from the market 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 share award scheme.

A Director of the Company holds share options granted by SUNeVision under its share option scheme. Details of these share options and their movements during the year ended 30 June 2024 are set out in the section headed "Directors' and Chief Executives' Interests" above.

Neither SUNeVision nor SmarTone is a principal subsidiary of the Company within the meaning of Chapter 17 of the Listing Rules and the Company is not subject to the obligations thereunder insofar as the share schemes (including share option schemes and/or share award schemes) of SUNeVision and SmarTone are concerned.

# Directors' Report

## Arrangement to Purchase Shares or Debentures

Other than the share option and share award schemes as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

## Equity-linked Agreements

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

## Interests of Substantial Shareholders and Other Persons

As at 30 June 2024, 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 30.06.2024
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
<b>(i) Substantial shareholders</b>					
HSBC Trustee (C.I.) Limited	–	–	1,250,224,633 <sup>1,2,3,4&amp;5</sup>	1,250,224,633	43.14
Kwong Siu-hing	25,024	–	813,641,237 <sup>1&amp;5</sup>	813,666,261	28.08
Adolfa Limited ("Adolfa")	231,182,838	120,092,723	–	351,275,561 <sup>5&amp;6</sup>	12.12
Bertana Limited ("Bertana")	231,182,838	120,092,723	–	351,275,561 <sup>5&amp;7</sup>	12.12
Cyric Limited ("Cyric")	231,182,838	120,092,723	–	351,275,561 <sup>5&amp;8</sup>	12.12
<b>(ii) Other persons</b>					
Highvern Cayman Limited	–	–	253,491,701 <sup>9&amp;10</sup>	253,491,701	8.75
Kwok Kai-ho, Jonathan	–	–	211,173,896 <sup>9</sup>	211,173,896	7.29
Thriving Talent Limited	195,542,095 <sup>2</sup>	–	–	195,542,095	6.75
Thriving Talent Holdings Limited	–	195,542,095 <sup>2</sup>	–	195,542,095	6.75
Rosy Result Limited	189,909,095 <sup>3</sup>	–	–	189,909,095	6.55
Asporto Limited	187,357,707 <sup>9</sup>	–	–	187,357,707	6.47

Notes:

1. Madam Kwong Siu-hing was deemed to be interested in 813,641,237 shares in the Company by virtue of her being a founder 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 219,247,771 shares in the Company by virtue of it being the trustee of certain discretionary trusts for the purpose of Part XV of the SFO. Of these shares, 195,542,095 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 219,247,771 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 217,334,625 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, 189,909,095 shares represented the same interests held by Rosy Result Limited and were therefore duplicated between them.

The 217,334,625 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.

4. Furthermore, HSBC Trustee (C.I.) Limited was deemed to be interested in 1,000 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.

5. Of the respective shares in the Company held by Adolfa, Bertana and Cyric, 120,092,723 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 120,092,723 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. In addition to the deemed interests as stated in Note 9 above, Highvern Cayman Limited was deemed to be interested in 42,317,805 shares in the Company by virtue of it being the trustee of a trust for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, 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.

# Directors' Report

## Emolument Policy and Long-term Incentive Schemes of the Group

As at 30 June 2024, the Group employed more than 40,000 employees. The related employees' costs before reimbursements for the year amounted to approximately HK\$14,888 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. Details of the share option and share award schemes of the Group are set out in the section headed "Share Option and Share Award Schemes" above.

## 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.

## Permitted Indemnity

The Articles of Association provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

## Bank and Other Borrowings

Details of bank and other borrowings as at 30 June 2024 are set out in notes 23 and 26 to the consolidated financial statements.

## Interest Capitalized

Interest capitalized during the year amounted to HK\$2,199 million (2023: HK\$1,582 million).

## Charitable Donations

HK\$47 million (2023: HK\$39 million) was donated by the Group during the year.

## Directors' Interests in Competing Businesses

The interests of the Directors of the Company in competing businesses that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

The businesses of the Group principally consist of (i) property developments and investments in Hong Kong, on the mainland and in Singapore, and (ii) hotel operations in Hong Kong and on the mainland. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward (the Alternate Director to Mr. Kwok Ping-luen, Raymond) (collectively the "Kwok Family") maintain certain interests in businesses which consist of property developments and investments in Hong Kong, Singapore and the United Kingdom, and hotel operations in Hong Kong. As such, they are regarded as being interested in the competing businesses with the Group (the "Excluded Businesses"). However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. The Kwok Family does not have property development and investment businesses and hotel operation business on the mainland. Therefore, they are not regarded as being interested in such Excluded Businesses on the mainland.



The businesses of Transport International consist of property holdings and developments. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Fung Yuk-lun, Allen are non-executive directors of Transport International, and therefore, each of them is regarded as being interested in such Excluded Businesses.

The businesses of Wing Tai Properties Limited (“Wing Tai”) consist of property developments, property investments and management, and hospitality investments and management. Mr. Kwok Ping-luen, Raymond is a non-executive director of Wing Tai and Mr. Kwok Ho-lai, Edward is his alternate, and therefore, each of them is regarded as being interested in such Excluded Businesses.

The businesses of Empire Group Holdings Limited (“Empire Group”) consist of property investments and developments, and hotel operations. Mr. Kwok Kai-chun, Geoffrey is a director of Empire Group and is entitled to exercise, or control the exercise of, 10% or more of the voting power at any of its general meetings, and therefore is regarded as being interested in such Excluded Businesses. However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. Mr. Kwok Kai-chun, Geoffrey is a Non-Executive Director of the Company.

Other than the family businesses of the Kwok Family, the above-mentioned Excluded Businesses are managed by separate companies or public listed companies with independent management and administration. In this respect, coupled with the diligence of the Independent Non-Executive Directors and the Audit and Risk Management Committee of the Company, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the Excluded Businesses mentioned above.

## **Connected Transactions**

During the period from the date of the 2022/23 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

## **Directors’ Material Interests in Transactions, Arrangements and Contracts**

No transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **Management Contracts**

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

## **Major Customers and Suppliers**

During the year, less than 30% of the Group’s sales and less than 30% of the Group’s purchases were attributable to the Group’s five largest customers combined and five largest suppliers combined respectively.

# Directors' Report

## Auditor

The retiring auditor, Messrs. Deloitte Touche Tohmatsu, has signified its willingness to continue in office. A resolution will be proposed at the 2024 Annual General Meeting to re-appoint it and to authorise the Directors to fix its remuneration.

## Audit and Risk Management Committee

The annual results for the year have been reviewed by the Audit and Risk Management Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

## Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 112 to 130.

## Sufficiency of Public Float

As at the date of this report, based on information that was publicly available to the Company and within the knowledge of the Directors, the Company maintained the amount of public float as required under the Listing Rules.

This report is signed for and on behalf of the Board.

**Kwok Ping-luen, Raymond**

*Chairman & Managing Director*

Hong Kong, 5 September 2024

# Directors' Biographical Information

## Directors

### **Kwok Ping-luen, Raymond**

Hon LLD, Hon DBA, MBA, MA (Cantab), JP  
*Chairman & Managing Director (Age: 71)*

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 46 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 director of The Real Estate Developers Association 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 2024, 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\$3.77 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: 68)*

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. Mr. Wong is a director of The Real Estate Developers Association of Hong Kong. He is also 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 2024, 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\$29.78 million.

# Directors' Biographical Information

## **Lui Ting, Victor**

BBA

*Deputy Managing Director (Age: 70)*

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 2024, 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\$30.03 million.

## **Yip Dicky Peter**

MBA, BBS, MBE, JP

*Independent Non-Executive Director (Age: 77)*

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. and DBS Bank in Hong Kong and on the mainland, the founding chairman of Ping An OneConnect Bank (Hong Kong) Limited (now known as PAO Bank Limited), and an independent director of S.F. Holding Co., Ltd. Mr. Yip was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015.

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 2024, 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.

**Professor Wong Yue-chim, Richard**

SBS, JP

*Independent Non-Executive Director (Age: 72)*

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 2024, 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: 71)*

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 a member of the 10th to 13th National Committee of the Chinese People's Political Consultative Conference. He was also 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 2024, 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.

# Directors' Biographical Information

## **Dr. Fung Kwok-lun, William**

SBS, OBE, JP

*Independent Non-Executive Director (Age: 75)*

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 2024, 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: 84)*

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 2024, 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.

**Leung Ko May-yee, Margaret**

SBS, JP

*Independent Non-Executive Director (Age: 72)*

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 Culture Commission all of the Government of the Hong Kong Special Administrative Region. She is also a non-ex officio member of The Law Reform Commission of Hong Kong, an Honorary Steward of The Hong Kong Jockey Club, and 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 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, 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, and the Public Service Commission, 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 2024, Mrs. Leung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

# Directors' Biographical Information

## **Fan Hung-ling, Henry**

SBS, JP

*Independent Non-Executive Director (Age: 76)*

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 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 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 2024, Mr. Fan is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

## **Kwan Cheuk-yin, William**

LLB

*Non-Executive Director (Age: 89)*

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 61 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 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 2024, 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: 39)*

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. He is a director of Asporto Limited, which has interests in the shares of the Company and such interests have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

For the year ended 30 June 2024, Mr. Kwok is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

**Kwok Kai-fai, Adam**

MBA, BSc, SBS

*Executive Director (Age: 41)*

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 Economic Advancement Expert Group of the Chief Executive's Policy Unit of the Government of the Hong Kong Special Administrative Region, 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 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.

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 2024, 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\$9.81 million.

# Directors' Biographical Information

## **Kwok Kai-wang, Christopher**

MBA, BSc, JP

*Executive Director (Age: 37)*

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 of the Group 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. Mr. Kwok is also a non-executive director of Transport International Holdings Limited.

In addition, Mr. Kwok is a member of the General Committee of the Employers' Federation of Hong Kong, a governor of Our Hong Kong Foundation Limited and a member of its Development Committee as well as a council member of Hong Kong Chronicles Institute Limited. 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 2024, 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\$9.15 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, Authorised Person (List of Architects)

*Executive Director (Age: 65)*

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 2024, 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\$23.77 million, including a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd.

**Fung Yuk-lun, Allen**

BA, Ph.D.

*Executive Director (Age: 56)*

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 2024, 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\$23.50 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: 59)*

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 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.

For the year ended 30 June 2024, Mr. Lau is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$18.63 million.

# Directors' Biographical Information

## **Fung Sau-yim, Maureen**

BSc(Hons) Est. Mgt., MHousMan (Distinction), MBA, FHKIS, FRICS, RPS (GP), CIREA, FISCAM  
*Executive Director (Age: 62)*

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 University of Reading, United Kingdom, an MBA degree from 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.

For the year ended 30 June 2024, Ms. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$24.91 million.

## **Chan Hong-ki, Robert**

BSc(BS), MHKIS, MRICS, RPS(BS), AP(Surveyor)  
*Executive Director (Age: 60)*

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 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.

For the year ended 30 June 2024, Mr. Chan 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\$18.80 million, including a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd.

**Kwok Ho-lai, Edward**

EMBA, BA

*Alternate Director to Kwok Ping-luen, Raymond (Age: 43)*

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 Kellogg School of Management and 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.

# Executive Committee

## Executive Committee

All Executive Directors of the Company are members of the Executive Committee of the Company. Other members and their profiles are as follows:

### **Yung Sheung-tat, Sandy**

BA(Law)Hons

Mr. Yung holds a Bachelor of Arts degree in Law from Middlesex University, England. He has been qualified as a solicitor in Hong Kong since 1987 and was admitted as a solicitor in England and Wales in 1991 and as an advocate and solicitor in Singapore in 1995. Mr. Yung joined the Group in 1996 and is currently the Group General Counsel and Company Secretary of the Company. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since July 2009.

### **Li Ching-kam, Frederick**

CPA

Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1989 and is currently the Group Chief Accountant. Mr. Li has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since October 2015.

### **Lam Ka-keung, Henry**

BSc(Hons), MSc(Const & Real Est)

Mr. Lam holds a Bachelor degree of Science from The Chinese University of Hong Kong and a Master degree of Science in Construction and Real Estate from The Hong Kong Polytechnic University. He joined the Group in 1993 and is currently responsible for strategic planning of shopping malls and new project development with retail component. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since April 2019.

### **Lo King-wai**

MBA, MHKIS, MRICS, RPS(BS), MCIQB

Mr. Lo holds a Master degree of Business Administration from The Hong Kong University of Science and Technology. He is a member of The Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors and the Chartered Institute of Building and a Registered Professional Surveyor. He joined the Group in 2004 and is currently responsible for office leasing portfolio in Hong Kong and Beijing. Mr. Lo has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since September 2024.

The following are the associate members of the Executive Committee, who hold major positions in the Group, and who have been invited by the Executive Committee to attend its meetings regularly and to contribute their experience and expertise to assist the Executive Committee in its decision-making process:

Sum Hong-ning, Brian	–	General Manager, Corporate Planning
Lung Po-kwan	–	Chief Financial Officer, Mainland China
Fung Chu-hee, Andrew	–	Manager, Chairman's Office

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# Independent Auditor's Report

# Deloitte.

# 德勤

## TO THE SHAREHOLDERS OF SUN HUNG KAI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

### Opinion

We have audited the consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 162 to 228, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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



## Key Audit Matters (cont'd)

### Key audit matter

### How our audit addressed the key audit matter

#### Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole and because significant judgment is involved in determining the inputs used in the valuation.

As at 30 June 2024, the Group's investment properties amounted to HK\$408,424 million which represented 49.9% of the Group's total assets. Decrease in fair value of investment properties of HK\$1,481 million was recognized in the consolidated income statement for the year then ended.

The Group's investment properties are stated at fair value based on the valuation carried out by independent qualified valuers (the "Valuers"). The valuation was dependent on certain key estimates which requires significant judgment, including capitalization rates. The valuation of investment properties under development are also dependent on the estimated costs to complete and expected developer's profit margin. Details of the valuation methodology and key inputs used in the valuation are disclosed in note 12 to the consolidated financial statements.

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

- Evaluating the competence, capabilities and objectivity of the Valuers;
- Assessing the appropriateness and reasonableness of the valuation methodology, key assumptions and estimates used in the valuations, by comparing them to an estimated range, on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry; and
- Assessing the completeness and consistency of information provided by the Group to the Valuers; and evaluating the accuracy of the key inputs used in the valuation on a sample basis.

#### Assessment of the net realizable values of properties for sale

We identified the assessment of the net realizable values of properties for sale as a key audit matter as the properties for sale is significant to the Group's consolidated financial statements as a whole; and the Group's assessment of the carrying values of properties for sale, being the lower of cost and net realizable value, takes into account the price ultimately expected to be realized and the anticipated costs to completion.

As disclosed in note 20 to the consolidated financial statements, the Group's properties for sale amounted to HK\$214,077 million which represented 26.2% of the Group's total assets, as at 30 June 2024.

Our procedures in relation to the Group's assessment of the net realizable values of properties for sale included:

- Assessing the reasonableness of the net realizable values of properties for sale, on a sample basis, by comparing the carrying values with the market prices achieved less future costs to completion in the same projects or comparable properties, based on our knowledge of the Group's business and current market development in the real estate industry; and
- Obtaining an understanding of the management's process in estimating the future costs to completion for the properties under development for sale; and assessing the reasonableness of their estimations, on a sample basis, by comparing the expected costs to the Group's development budgets and the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents.

# Independent Auditor's Report

## Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lee Po Chi.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

5 September 2024

# Consolidated Income Statement

For the year ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	Notes	2024	2023
<b>Revenue</b>	3(a)	<b>71,506</b>	71,195
Cost of sales		<b>(39,292)</b>	(36,737)
Gross profit		<b>32,214</b>	34,458
Other net income		<b>1,766</b>	411
Selling and marketing expenses		<b>(3,906)</b>	(4,179)
Administrative expenses		<b>(3,322)</b>	(3,145)
<b>Operating profit</b>		<b>26,752</b>	27,545
Change in fair value of investment properties		<b>(1,481)</b>	(593)
Finance costs		<b>(4,046)</b>	(3,053)
Finance income		<b>479</b>	554
Net finance costs	5	<b>(3,567)</b>	(2,499)
Share of results of:			
Associates		<b>259</b>	738
Joint ventures		<b>1,620</b>	3,331
		<b>1,879</b>	4,069
<b>Profit before taxation</b>	6	<b>23,583</b>	28,522
Taxation	9	<b>(3,978)</b>	(3,947)
<b>Profit for the year</b>		<b>19,605</b>	24,575
<b>Profit for the year attributable to:</b>			
Company's shareholders		<b>19,046</b>	23,907
Non-controlling interests		<b>559</b>	668
		<b>19,605</b>	24,575
<i>(Expressed in Hong Kong dollars)</i>			
<b>Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)</b>	11(a)		
Basic and diluted		<b>\$6.57</b>	\$8.25
<b>Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)</b>	11(b)		
Basic and diluted		<b>\$7.50</b>	\$8.24

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	2024	2023
<b>Profit for the year</b>	<b>19,605</b>	24,575
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of mainland subsidiaries	<b>(355)</b>	(7,675)
Cash flow hedge		
– fair value losses recognized directly through other comprehensive income	<b>(236)</b>	(400)
– fair value gains transferred to consolidated income statement	<b>(53)</b>	(87)
	<b>(289)</b>	(487)
Debt securities		
– fair value gains/(losses) recognized directly through other comprehensive income	<b>2</b>	(2)
– fair value losses transferred to consolidated income statement	<b>1</b>	–
	<b>3</b>	(2)
Share of other comprehensive losses of associates and joint ventures	<b>(62)</b>	(1,764)
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value losses of equity securities at fair value through other comprehensive income	<b>(227)</b>	(211)
Revaluation gain arising from transfer of property, plant and equipment to investment properties	–	605
Share of other comprehensive losses of an associate	<b>(14)</b>	(38)
<b>Other comprehensive losses for the year</b>	<b>(944)</b>	(9,572)
<b>Total comprehensive income for the year</b>	<b>18,661</b>	15,003
<b>Total comprehensive income for the year attributable to:</b>		
Company's shareholders	<b>18,089</b>	14,448
Non-controlling interests	<b>572</b>	555
	<b>18,661</b>	15,003

# Consolidated Statement of Financial Position

As at 30 June 2024

(Expressed in millions of Hong Kong dollars)

	Notes	2024	2023
<b>Non-current assets</b>			
Investment properties	12	408,424	403,559
Property, plant and equipment	13	50,190	47,168
Associates	14	7,954	7,715
Joint ventures	15	93,101	93,639
Financial investments	16	1,681	1,991
Intangible assets	17	4,338	5,079
Other non-current assets	18	3,743	4,057
		<b>569,431</b>	563,208
<b>Current assets</b>			
Properties for sale	20	214,077	211,639
Inventories		502	497
Trade and other receivables	21	17,115	14,757
Financial investments	16	748	610
Bank deposits and cash	22	16,221	15,280
		<b>248,663</b>	242,783
<b>Current liabilities</b>			
Bank and other borrowings	23	(10,498)	(7,508)
Trade and other payables	24	(32,412)	(32,288)
Deposits received on sales of properties	25	(11,226)	(4,162)
Current tax payable		(7,876)	(9,456)
		<b>(62,012)</b>	(53,414)
<b>Net current assets</b>			
		<b>186,651</b>	189,369
<b>Total assets less current liabilities</b>			
		<b>756,082</b>	752,577
<b>Non-current liabilities</b>			
Bank and other borrowings	26	(116,589)	(117,545)
Deferred tax liabilities	27	(23,905)	(23,910)
Other non-current liabilities	28	(4,517)	(4,326)
		<b>(145,011)</b>	(145,781)
<b>NET ASSETS</b>			
		<b>611,071</b>	606,796
<b>CAPITAL AND RESERVES</b>			
Share capital	29	70,703	70,703
Reserves		536,014	531,352
<b>Shareholders' equity</b>			
<b>Non-controlling interests</b>			
		<b>606,717</b>	602,055
		<b>4,354</b>	4,741
<b>TOTAL EQUITY</b>			
		<b>611,071</b>	606,796

Directors:

**Kwok Ping-luen, Raymond**

**Lui Ting, Victor**

# Consolidated Statement of Cash Flows

For the year ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	Notes	2024	2023
<b>Operating activities</b>			
Operating cash inflow	31(a)	31,276	32,603
Changes in working capital	31(a)	2,259	1,565
Cash generated from operations	31(a)	33,535	34,168
Interest expenses and other finance costs paid		(6,291)	(4,586)
Bank interest received		481	551
Interest received from investments		70	85
Dividends received from equity securities		75	110
Dividends received from associates and joint ventures		2,113	3,375
Tax paid			
– Hong Kong		(4,129)	(5,119)
– Outside Hong Kong		(1,338)	(2,407)
<b>Net cash from operating activities</b>		<b>24,516</b>	<b>26,177</b>
<b>Investing activities</b>			
Additions to investment properties		(5,610)	(11,372)
Additions to property, plant and equipment		(4,396)	(4,262)
Purchase of long-term financial investments		(131)	(104)
Repayment of capital from a joint venture		–	298
Conditional consideration adjustment received relating to investment in joint ventures		12	–
Net advances to associates and joint ventures		(23)	(1,371)
Payment of mobile licence fees		(225)	(220)
Net proceeds from disposal of investment properties		674	404
Proceeds from disposal of property, plant and equipment		5	16
Proceeds from disposal of other financial assets		81	554
<b>Net cash used in investing activities</b>		<b>(9,613)</b>	<b>(16,057)</b>
<b>Financing activities</b>			
Drawdown of bank and other borrowings		28,462	38,634
Repayment of bank and other borrowings		(26,344)	(37,380)
Principal elements of lease payments		(1,625)	(944)
Decrease in amounts due to non-controlling interests		(21)	(45)
Decrease in bank deposits maturing after more than three months		818	1,034
Increase in pledged bank deposit		(2)	(1)
Proceeds from issue of shares by a subsidiary		–	5
Payment for repurchase of shares by a subsidiary		(17)	(1)
Purchase of additional interest in a subsidiary		(30)	(3)
Purchase of shares for share award scheme in a subsidiary		–	(2)
Capital reduction of a subsidiary		(180)	–
Dividends paid to Company's shareholders		(13,475)	(14,344)
Dividends paid to non-controlling interests		(695)	(614)
<b>Net cash used in financing activities</b>		<b>(13,109)</b>	<b>(13,661)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>1,794</b>	<b>(3,541)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>14,277</b>	<b>18,287</b>
<b>Effect of foreign exchange rates changes</b>		<b>(37)</b>	<b>(469)</b>
<b>Cash and cash equivalents at end of year</b>	31(b)	<b>16,034</b>	<b>14,277</b>

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders					Total	Non-controlling interests	Total
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits			
At 1 July 2022	70,703	1,059	1,174	(12)	529,022	601,946	4,798	606,744
Profit for the year	–	–	–	–	23,907	23,907	668	24,575
Exchange difference on translation of mainland subsidiaries	–	–	–	(7,564)	–	(7,564)	(111)	(7,675)
Revaluation gain arising from transfer of property, plant and equipment to investment properties	–	605	–	–	–	605	–	605
Fair value losses on cash flow hedge	–	(487)	–	–	–	(487)	–	(487)
Fair value losses on debt securities at fair value through other comprehensive income	–	–	(2)	–	–	(2)	–	(2)
Fair value losses on equity securities at fair value through other comprehensive income	–	–	(209)	–	–	(209)	(2)	(211)
Transfer to retained profits upon disposal of equity securities	–	–	(475)	–	475	–	–	–
Share of other comprehensive income/(loss) of associates and joint ventures	–	–	112	(1,779)	(135)	(1,802)	–	(1,802)
Other comprehensive (loss)/income for the year	–	118	(574)	(9,343)	340	(9,459)	(113)	(9,572)
Total comprehensive (loss)/income for the year	–	118	(574)	(9,343)	24,247	14,448	555	15,003
Recognition of equity-settled share-based payments	–	–	–	–	–	–	20	20
Lapse of share award/options of a subsidiary	–	–	–	–	6	6	(6)	–
Purchase of shares for share award scheme in a subsidiary	–	–	–	–	(1)	(1)	(1)	(2)
Vesting of share award in a subsidiary	–	–	–	–	1	1	(2)	(1)
Final dividend paid	–	–	–	–	(10,722)	(10,722)	–	(10,722)
Interim dividend paid	–	–	–	–	(3,622)	(3,622)	–	(3,622)
Adjustments relating to changes in interests in subsidiaries	–	(1)	–	–	–	(1)	3	2
Liquidation of a subsidiary	–	–	–	–	–	–	(12)	(12)
Dividends to non-controlling interests	–	–	–	–	–	–	(614)	(614)
At 30 June 2023	70,703	1,176	600	(9,355)	538,931	602,055	4,741	606,796



	Attributable to Company's shareholders						Non-controlling interests	Total
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total		
At 1 July 2023	70,703	1,176	600	(9,355)	538,931	602,055	4,741	606,796
Profit for the year	-	-	-	-	19,046	19,046	559	19,605
Exchange difference on translation of mainland subsidiaries	-	-	-	(368)	-	(368)	13	(355)
Fair value losses on cash flow hedge	-	(289)	-	-	-	(289)	-	(289)
Fair value gains on debt securities at fair value through other comprehensive income	-	-	3	-	-	3	-	3
Fair value losses on equity securities at fair value through other comprehensive income	-	-	(227)	-	-	(227)	-	(227)
Transfer to retained profits upon disposal of equity securities	-	-	(1)	-	1	-	-	-
Share of other comprehensive income/(loss) of associates and joint ventures	-	-	41	(130)	13	(76)	-	(76)
Other comprehensive (loss)/income for the year	-	(289)	(184)	(498)	14	(957)	13	(944)
Total comprehensive (loss)/income for the year	-	(289)	(184)	(498)	19,060	18,089	572	18,661
Recognition of equity-settled share-based payments	-	-	-	-	-	-	11	11
Lapse of share award/options of a subsidiary	-	-	-	-	19	19	(19)	-
Final dividend paid	-	-	-	-	(10,722)	(10,722)	-	(10,722)
Interim dividend paid	-	-	-	-	(2,753)	(2,753)	-	(2,753)
Adjustments relating to changes in interests in subsidiaries	-	29	-	-	-	29	(76)	(47)
Capital reduction of a subsidiary	-	-	-	-	-	-	(180)	(180)
Dividends to non-controlling interests	-	-	-	-	-	-	(695)	(695)
At 30 June 2024	70,703	916	416	(9,853)	544,535	606,717	4,354	611,071

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards and interpretations (collectively, “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance (Cap. 622) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value, as explained in the material accounting policies set out in Note 2.

In the current year, the Group has adopted a number of new and amendments to HKFRSs issued by the HKICPA that are effective for the first time for the Group’s financial year beginning 1 July 2023. These new and amended standards had no 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 year.

## 2. Material Accounting Policies

### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries (together referred to as the “Group”) made up to 30 June each year and the Group’s interests in associates and joint ventures on the basis set out in Note 2(e) and Note 2(f) below, respectively. The financial statements of the associates and joint ventures used for this purpose are either coterminous with the financial statements of the Company or cover a year end not more than three months before the Company’s year-end. The results of subsidiaries, associates and joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or to the effective date of disposal. Accounting policies of subsidiaries, joint ventures and associates have been changed when necessary to ensure conformity with the Group’s accounting policies.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Group companies are eliminated in full on consolidation. Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in the associate or joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the content that there is no evidence of impairment of the asset transferred.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly to the Company. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group’s ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions, whereby the carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity shareholders of the Company.

## 2. Material Accounting Policies (cont'd)

### (b) Revenue

Income is classified by the Group as revenue when it arises in the course of the Group's ordinary activities. Revenue from the Group's principal activities comprises proceeds from sale of properties, gross rental income from properties letting under operating leases, revenue from hotel operations, telecommunications, transport infrastructure and logistics, data centre operations and revenue derived from other business activities including department store, financial services, property management and construction. Group revenue does not include the revenue of associates and joint ventures.

### (c) Revenue recognition

The Group recognizes revenue from contracts with customers when control over a product or service is transferred to the customer at the transaction price to which the Group expects to be entitled in exchange for the promised product and service, excluding those amounts collected on behalf of third parties (such as value added tax or other sales taxes) and after deduction of any trade discounts. Transfer of control may be at a point in time or over time, dependent on the nature and terms of and laws applicable to the contracts. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of financing component if it is significant.

Further details of the Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are as follows:

#### (i) Property sales

Revenue from sale of properties is recognized when the control over the ownership or physical possession of the property is transferred to the customer, which is the point in time when the Group satisfies its performance obligations under the contracts.

Deposits and instalments received on properties sold prior to the date of revenue recognition are presented in the statement of financial position as deposits received on sale of properties which are regarded as contract liabilities.

#### (ii) Rental income

Lease payments from properties letting under operating leases are recognized as rental income over the lease term on either a straight line basis or another systematic basis that is more representative of the pattern in which benefit from the use of the underlying leased asset is diminished. Contingent rentals are recognized in the accounting period in which they are earned.

#### (iii) Hotel operations

Revenue from hotel operations is recognized when the accommodation and related services are provided.

#### (iv) Telecommunications

Revenue from services is measured based on the usage of the Group's telecommunications network and facilities and is recognized when the services are rendered. Service revenue in respect of standard service plans billed in advance is deferred and included under contract liabilities. For sales of handset, equipment and gifts, revenue is recognized when the products are delivered to and accepted by the customer. When multiple-element arrangements exist, the amount of revenue recognized for each performance obligation is determined by considering the standalone selling prices or estimated fair values of each of the services element and handset device element provided within the bundled contracts.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. Material Accounting Policies (cont'd)

### (c) Revenue recognition (cont'd)

#### (v) Transport infrastructure and logistics

Toll income from toll road operations is recognized upon the passage of vehicles through the toll road.

Revenue from operation of business aviation centre including aircraft and passengers handling, fuel sales and hangar fee is recognized over time based on usage of services.

Management fee income from management and operation of tunnel, road infrastructure and car park facilities is recognized when the services are provided and in accordance with the terms of the management contracts.

Income from logistic and freight forwarding services is recognized when the services are rendered.

#### (vi) Data centre operations

Revenue from customers' use of data centre and information technology ("IT") facilities is recognized rateably over the terms of the agreement in the amount which the Group has right to invoice while other value-added service income is recognized over the period of service.

#### (vii) Department store operations

Revenue from sale of goods is recognized at point of sale when the customer takes possession of and accepts the product. Commission income from concessionaire sales is recognized upon sales of goods by counter suppliers.

#### (viii) Financial services

Interest income from loan financing business is accrued on a time basis using the effective interest method.

#### (ix) Property management

Income from provision of property and facilities management services is recognized when the services are rendered.

#### (x) Construction

Revenue in respect of building construction job is recognized over the contract period based on the stage of completion method measured by reference to the proportion that costs incurred to date bear to estimated total costs for the contract.

#### (xi) Investment income

Dividend income from equity investments is recognized when the right to receive payment is established.

Interest income from financial investments is recognized using the effective interest method.

## 2. Material Accounting Policies (cont'd)

### (d) *Subsidiaries*

Subsidiaries are entities controlled by the Company. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated from the date that control ceases.

Upon loss of control of a subsidiary, the Group derecognizes the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests (including any components of other comprehensive income attributable to them) in the former subsidiary. If the Group retains any investment in that former subsidiary, then such investment is remeasured at fair value at the date when control is lost and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture. All amounts previously recognized in other comprehensive income in relation to that subsidiary are reclassified to profit or loss or transferred directly to retained earnings if required by other HKFRSs. The surplus or deficit arising from the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any interest retained in the former subsidiary and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary attributable to the equity shareholders of the Company is recognized as a gain or loss on disposal in the consolidated profit or loss.

In the Company's statement of financial position, investments in subsidiary companies are stated at cost less provision for any impairment losses. Income from subsidiary companies is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

### (e) *Associates*

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and other comprehensive income ("OCI") less any identified impairment loss.

In the Company's statement of financial position, investments in associates are stated at cost less provision for any impairment losses. Income from associates is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

### (f) *Joint arrangements*

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

#### (i) **Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement in accordance with contractual arrangements.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. Material Accounting Policies (cont'd)

### (f) Joint arrangements (cont'd)

#### (i) Joint ventures (cont'd)

Results of joint ventures are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in joint ventures are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and OCI less any identified impairment loss.

In the Company's statement of financial position, investments in joint ventures are stated at cost less provision for any impairment losses. Income from joint ventures is recognized by the Company in the statement of profit or loss on the basis of dividends received and receivable.

#### (ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement in accordance with contractual arrangements.

Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

### (g) Intangible assets

#### (i) Mobile licences

Spectrum utilization fees represent the payments for using the assigned spectrum to provide telecommunication services in Hong Kong within a specified period. The upfront payments and the present value of the annual fixed fees payable over the period are recorded as intangible assets, together with the related obligations. Amortization is provided on a straight line basis over the remaining assignment period from the date when the asset is ready for its intended use.

The difference between the discounted value and the total of the minimum annual fee payments represents the effective cost of financing and, accordingly, for the period prior to the asset being ready for its intended use, is capitalized as part of the intangible asset. Subsequent to the date when the asset is ready for its intended use, such finance costs are charged to the consolidated income statement in the year in which they are incurred.

Variable annual payments are recognized in the consolidated income statement as incurred.

#### (ii) Goodwill

Goodwill on acquisition of subsidiaries or business is measured initially at cost, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and any fair value of the Group's previously held equity interest in the acquiree over the fair value of the acquiree's net identifiable assets acquired and liabilities assumed as at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

## 2. Material Accounting Policies (cont'd)

### (g) Intangible assets (cont'd)

#### (ii) Goodwill (cont'd)

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized directly in the consolidated income statement.

Goodwill on acquisition of associates and joint ventures, being the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired, is included in the carrying amount of the investments in associates and joint ventures respectively and is not tested for impairment separately.

On disposal of a subsidiary, associate or joint venture, the carrying amount of goodwill attributable to the entity sold is included in the calculation of the profit or loss on disposal.

#### (iii) Concession assets

The Group has entered into a service concession arrangement with the Government of Hong Kong Special Administrative Region ("HKSAR Government") to participate in the development, financing, operation and maintenance of toll road infrastructures. Under the arrangement, the Group carries out the construction of toll road for the granting authority and receives in exchange a right to operate the toll road and the entitlement to toll fees collected from users of the toll road. The assets including the cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement are recorded as intangible assets. Once the underlying infrastructure of the concession arrangement is completed, the concession assets are amortized over the term of the concession on a straight line basis.

### (h) Contract acquisition and fulfilment costs

Costs of obtaining and fulfilling a contract with a customer are capitalized as an asset if (i) the costs are incremental of obtaining the contract and they are expected to be recovered; and (ii) the costs of fulfilling a contract relate directly to the contract, generate or enhance resources of the Group that will be used in satisfying performance obligations in the future and are expected to be recovered. Capitalized contract costs are amortized on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the asset relates. Impairment loss is recognized to the extent that the carrying amount of the capitalized costs exceeds the remaining considerations to be received less the future costs to be incurred.

### (i) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains right to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net contract asset or net contract liability depending on the relationship between the remaining rights and the performance obligations.

A contract asset is recognized when the Group transfers a good or performs a service in the contract before receiving consideration from the customer or when the cumulative revenue recognized exceeds cumulative payments made by the customer. A contract asset is transferred to a receivable when the right to receive the consideration becomes unconditional. Conversely, a contract liability is recognized when the amounts received from a customer exceed revenue recognized for a contract or when advance payment is received from a customer before a good or service is transferred. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. Material Accounting Policies (cont'd)

### (i) **Contract assets and contract liabilities (cont'd)**

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortized cost. Contract liabilities are recognized as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations. Deposits received on sales of properties are regarded as contract liabilities and presented separately on the face of the consolidated statement of financial position under current liabilities.

### (j) **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) **Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets of the Group are classified in four categories:

- Financial assets at amortized cost
- Debt investments at FVOCI
- Equity investments designated at FVOCI
- Financial assets at FVTPL

##### **Financial assets at amortized cost**

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables, loan receivables and certain debt investments.



## 2. Material Accounting Policies (cont'd)

### (j) Financial instruments (cont'd)

#### (i) Financial assets (cont'd)

##### **Debt investments at FVOCI**

The Group measures debt investments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. Fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

##### **Equity investments designated at FVOCI**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Cumulative gains and losses recognized in OCI are transferred to retained profits on disposal.

Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group has elected to classify irrevocably certain equity investments under this category.

##### **Financial assets at FVTPL**

All financial assets not classified as measured at amortized cost or FVOCI as described above are mandatorily required to be measured at FVTPL.

This category includes financial assets held for trading, derivative instruments, equity investments which the Group had not irrevocably elected to classify at FVOCI, and debt investments with cash flows that are not solely payments of principal and interest.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are carried in the statement of financial position at fair value. Net gains and losses, including dividend or interest income, are recognized in profit or loss.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. Material Accounting Policies (cont'd)

### (j) Financial instruments (cont'd)

#### (i) Financial assets (cont'd)

##### **Derecognition of financial assets**

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows in a transaction in which the Group has transferred substantially all the risks and rewards of ownership of the asset or in which the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group enters into transactions whereby it transfers its rights to receive cash flows from an asset, but retains substantially all of the risks and rewards of ownership or control of the transferred asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

##### **Impairment of financial assets**

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not measured at FVTPL:

- financial assets measured at amortized cost, and
- debt investments measured at FVOCI.

ECLs are a probability-weighted estimate of credit losses, measured based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months after the reporting date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses that result from all possible default events over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

## 2. Material Accounting Policies (cont'd)

### (j) Financial instruments (cont'd)

#### (i) Financial assets (cont'd)

##### **Impairment of financial assets (cont'd)**

Loss allowance for financial assets measured at amortized cost is deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI instead of reducing the carrying amount of the assets.

The Group considers a financial asset in default when the Group is unlikely to receive the outstanding contractual amounts in full, without recourse by the Group to action such as realizing the security (if any is held). A financial asset can be classified as in default but without an allowance for credit losses (i.e. no impairment loss is expected) after taking into account the value of collateral held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Write-offs can relate to a financial asset in its entirety, or to a portion of it, and constitute a derecognition event.

#### (ii) Financial liabilities

##### **Classification and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. The Group has not designated any financial liability at FVTPL.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. These include trade and other payables, loans and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

##### **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. Material Accounting Policies (cont'd)

### (k) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and currency forwards to hedge its interest rate and foreign currency risk exposures.

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purpose of hedge accounting, hedges are classified as:

- (a) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;
- (b) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized commitment; and
- (c) hedges of a net investment in a foreign operation.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognized in profit or loss when the changes arise.

The Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The following hedges in place at the end of the reporting period qualified respectively as fair value and cash flow hedges under HKFRS 9. The Group's management strategies and hedge documentation are aligned with the requirements of HKFRS 9 and are thus treated as continuing hedges. The Group has not designated any derivative financial instruments as hedges of net investment in foreign operations.

- (a) Cash flow hedge

#### *Cross currency interest rate swaps*

The Group has entered into cross currency interest rate swaps that are cash flow hedges and they are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognized in OCI, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense and/or exchange differences from the translation of the borrowings are recognized in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognized immediately in profit or loss.

## 2. Material Accounting Policies (cont'd)

### (k) Derivative financial instruments and hedge accounting (cont'd)

- (b) Fair value hedge

#### *Interest rate swaps and cross currency interest rate swaps*

The Group has entered into fixed to floating interest rate swaps that are fair value hedges for the fair value exposures to interest rate movements of its borrowings ("hedged item"). The fair value changes on the hedged item resulting from the fair value risk are recognized in profit or loss. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognized in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognized separately in profit or loss.

### (l) Investment properties

Investment properties are land and buildings (including leasehold property interests owned or held as a right-of-use asset) held for long term rental yields or capital appreciation or both, and are not occupied by the Group. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are measured initially at cost including transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by independent qualified valuers at each reporting date on the highest and best use basis, and separate values are not attributed to land and buildings. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit.

Costs incurred subsequently to develop, refurbish or replace part of an investment property are recognized in the asset's carrying amount prior to fair value re-assessment only when it is probable that future economic benefits associated with the cost item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenditures in respect of an investment property are expensed in profit or loss as incurred.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is recognized in consolidated income statement in the period in which the asset is derecognized.

### (m) Property, plant and equipment

Properties held for own use and other items of plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed items of property, plant and equipment comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. Material Accounting Policies (cont'd)

### (n) Depreciation of property, plant and equipment

#### (i) Land and buildings

Ownership interests in leasehold land of properties held for own use are depreciated over the unexpired term of their respective leases. Cost of building situated on leasehold land is depreciated on a straight-line basis over the shorter of the unexpired term of the lease and the building's estimated useful life.

Properties leased for own use under lease or tenancy contracts where the Group is not the owner of the property interests are depreciated on a straight-line basis over the shorter of the expected lease terms and their estimated useful lives, taking into consideration any renewal options in the contracts.

#### (ii) Plant and equipment

Plant and equipment are depreciated over their expected remaining useful lives of 2 to 25 years using a straight-line method, after deducting their estimated residual values, if any.

No depreciation is provided for development costs incurred on property, plant and equipment under construction.

### (o) Properties for sale

#### (i) Stock of completed properties for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties.

Net realizable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price in the ordinary course of business less estimated selling expenses.

#### (ii) Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost and net realizable value. Cost comprises specifically identified costs, including land acquisition costs, development expenditure, capitalized borrowing costs and other related expenditures. Net realizable value is estimated by the management, taking into account the price ultimately expected to be realized and the anticipated costs to completion.

### (p) Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using effective interest method. The carrying amount of hedged borrowings is adjusted for the change in fair value attributable to the hedged risk when accounting for fair value hedges set out in Note 2(k) applies.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

## 2. Material Accounting Policies (cont'd)

### (q) Inventories

Inventories comprising mainly building materials, hotel stocks, handsets and consumable goods are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### (r) Translation of foreign currencies

Foreign currency transactions during the year are converted into functional currency at the market rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at closing rates of exchange ruling at the year end date. Exchange differences arising in these cases are dealt with in the consolidated income statement.

The assets and liabilities of overseas subsidiaries, associates and joint ventures expressed in their respective functional currencies are translated into Hong Kong dollars at the closing rates of exchange ruling at the year end date whereas the income statement are translated at average exchange rates for the year. Exchange differences arising on translation are recognized in OCI.

### (s) Current and deferred income tax

Tax expense for the year comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the relevant amount of tax is recognized in OCI or directly in equity, respectively.

Current tax liabilities are recognized at the amount expected to be paid to the tax authorities, using tax rates enacted or substantively enacted at the reporting date. Current tax expense for the year comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized in full, using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits except that deferred tax is not recognized for temporary differences arising from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and based on the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities except for investment property. Deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the carrying amount of the property will be recovered entirely through sale.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. Material Accounting Policies (cont'd)

### (t) Provisions

Provisions are recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle that obligation and the amount of obligation can be reliably estimated. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

### (u) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, properties for sale, inventories and deferred tax assets) to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Goodwill is tested annually for impairment whether or not there is any indication of impairment.

For impairment testing, assets are grouped into cash-generating units (CGU) for which there are separately identifiable cash flows. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss on goodwill is not reversed in subsequent period. For an asset other than goodwill, impairment loss is reversed only if there is a favourable change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

### (v) Retirement benefit costs

The retirement benefit costs charged to the consolidated income statement represent the contributions payable in respect of the current year to the Group's defined contribution schemes and the Mandatory Provident Fund Schemes.

### (w) Share-based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted at the grant date and expensed on a straight line basis over the relevant vesting periods with a corresponding increase in capital reserves within equity. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognized in consolidated income statement such that the calculated expense reflects the revised estimates with a corresponding adjustment to capital reserves.

At the time when the share options are exercised, the amount previously recognized in capital reserves will be transferred to share capital. When the share options are forfeited, lapsed or cancelled, after the vesting date or are still not exercised on the expiry date, the amount previously recognized in capital reserves will be transferred to retained profits.

### (x) Leases

The Group applies a control model to identify and distinguish a lease from a service contract on the basis of whether a customer is able to control the asset being leased. A contract is assessed for whether it is or contains a lease at its inception. A contract is or contains a lease if it provides a customer with the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed if the customer, throughout the period of the use, has both the right to direct the use and to obtain substantially all of the economic benefits from that use.



## 2. Material Accounting Policies (cont'd)

### (x) Leases (cont'd)

#### **The Group as a lessee**

The Group as a lessee recognizes a right-of-use asset and a lease liability when a lease is capitalized at the commencement date, except for leases with a lease term of 12 months or less ("short-term leases") and leases of low-value assets. Payments in relation to short-term leases and leases of low-value assets are recognized as an expense in profit or loss on a straight line basis over the lease term.

The lease liability is initially measured at the present value of lease payments payable with reference to an expected lease term, which includes optional lease periods when the Group is reasonably certain to exercise the option to extend or not to terminate the lease. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees and payments arising from options reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and are expensed in the period to which they relate.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing its carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, any initial direct costs incurred, the obligation to restore the asset, and any lease payments made in advance of the commencement date less any incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation, applying the depreciation requirements in HKAS 16 Property, Plant and Equipment and is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right-of-use assets are presented in property, plant and equipment, except for right-of-use assets that meet the definition of investment properties, which are presented in investment properties, and are subsequently measured at fair value, in accordance with the Group's accounting policy as set out in Note 2(l).

Lease liabilities are presented in other non-current liabilities with the payments due within 12 months from the balance sheet date classified in trade and other payables.

#### **The Group as a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee, and classified as an operating lease if it does not.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income from operating leases is recognized in accordance with Note 2(c)(ii).

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 3. 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.

### (a) Segment revenue and results

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

#### For the year ended 30 June 2024

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property development						
Hong Kong	24,745	6,513	–	–	24,745	6,513
Mainland	361	50	2,316	1,287	2,677	1,337
	25,106	6,563	2,316	1,287	27,422	7,850
Property rental						
Hong Kong	15,212	11,293	2,730	2,130	17,942	13,423
Mainland	5,154	4,211	1,151	816	6,305	5,027
Singapore	–	–	744	550	744	550
	20,366	15,504	4,625	3,496	24,991	19,000
Hotel operations	4,421	521	840	129	5,261	650
Telecommunications	6,221	701	–	–	6,221	701
Transport infrastructure and logistics	4,571	1,294	4,041	418	8,612	1,712
Data centre operations	2,674	1,266	–	–	2,674	1,266
Other businesses	8,147	1,125	308	55	8,455	1,180
Segment total	71,506	26,974	12,130	5,385	83,636	32,359
Other net income/(loss)		1,766		(95)		1,671
Unallocated administrative expenses		(1,988)		–		(1,988)
Operating profit		26,752		5,290		32,042
Change in fair value of investment properties						
Hong Kong		(565)		(1,449)		(2,014)
Mainland		(916)		(114)		(1,030)
Singapore		–		264		264
		(1,481)		(1,299)		(2,780)
Net finance costs		(3,567)		(714)		(4,281)
Profit before taxation		21,704		3,277		24,981
Taxation						
– Group		(3,978)		–		(3,978)
– Associates		–		(36)		(36)
– Joint ventures		–		(1,362)		(1,362)
Profit for the year		17,726		1,879		19,605

### 3. Segment Information (cont'd)

#### (a) Segment revenue and results (cont'd)

For the year ended 30 June 2023

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property development						
Hong Kong	23,853	8,467	13	7	23,866	8,474
Mainland	2,330	1,175	2,920	1,650	5,250	2,825
	26,183	9,642	2,933	1,657	29,116	11,299
Property rental						
Hong Kong	14,996	11,081	2,742	2,168	17,738	13,249
Mainland	4,751	3,859	1,092	789	5,843	4,648
Singapore	–	–	741	564	741	564
	19,747	14,940	4,575	3,521	24,322	18,461
Hotel operations	3,504	74	711	87	4,215	161
Telecommunications	6,763	702	–	–	6,763	702
Transport infrastructure and logistics	4,276	1,239	3,623	348	7,899	1,587
Data centre operations	2,346	1,171	–	–	2,346	1,171
Other businesses	8,376	1,255	344	53	8,720	1,308
Segment total	71,195	29,023	12,186	5,666	83,381	34,689
Other net income		411		53		464
Unallocated administrative expenses		(1,889)		–		(1,889)
Operating profit		27,545		5,719		33,264
Change in fair value of investment properties						
Hong Kong		(231)		317		86
Mainland		(362)		61		(301)
Singapore		–		36		36
		(593)		414		(179)
Net finance costs		(2,499)		(587)		(3,086)
Profit before taxation		24,453		5,546		29,999
Taxation						
– Group		(3,947)		–		(3,947)
– Associates		–		(10)		(10)
– Joint ventures		–		(1,467)		(1,467)
Profit for the year		20,506		4,069		24,575

Results from property development include selling and marketing expenses of HK\$349 million (2023: HK\$576 million) and HK\$175 million (2023: HK\$111 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 comprise mainly gain on disposal of assets and investment income from financial assets.

During the year, the Group recorded other net income of HK\$1,766 million (2023: HK\$411 million), which included gains in aggregate of HK\$1,095 million on land resumption by the HKSAR Government, resulting mainly from the resumption of certain land lots held by the Group in Kwu Tung North/Fanling North New Development Area and a profit of HK\$343 million on disposal of investment properties.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 3. Segment Information (cont'd)

### (b) Segment assets and liabilities

The Group's assets and liabilities by reportable and operating segments are analyzed as follows:

	The Company and its subsidiaries	Associates and joint ventures	Total assets	Total liabilities
<b>At 30 June 2024</b>				
Property development				
Hong Kong	203,512	3,851	207,363	(23,707)
Mainland	17,889	5,490	23,379	(472)
	221,401	9,341	230,742	(24,179)
Property investment				
Hong Kong	301,846	68,917	370,763	(5,090)
Mainland	109,722	11,007	120,729	(2,711)
Singapore	–	5,322	5,322	–
	411,568	85,246	496,814	(7,801)
Hotel operations	27,280	1,803	29,083	(628)
Telecommunications	9,478	–	9,478	(5,113)
Transport infrastructure and logistics	2,552	4,343	6,895	(1,767)
Data centre operations	14,640	–	14,640	(1,600)
Other businesses	7,641	322	7,963	(4,169)
	694,560	101,055	795,615	(45,257)
Bank deposits and cash			16,221	–
Financial investments			2,429	–
Bank and other borrowings			–	(127,087)
Unallocated corporate assets/(liabilities)			3,829	(2,898)
Current tax payable			–	(7,876)
Deferred tax liabilities			–	(23,905)
Total assets/(liabilities)			818,094	(207,023)
<b>At 30 June 2023</b>				
Property development				
Hong Kong	200,484	3,720	204,204	(16,647)
Mainland	16,680	6,182	22,862	(580)
	217,164	9,902	227,066	(17,227)
Property investment				
Hong Kong	298,012	68,475	366,487	(5,589)
Mainland	108,644	11,452	120,096	(2,955)
Singapore	–	5,044	5,044	–
	406,656	84,971	491,627	(8,544)
Hotel operations	27,487	1,875	29,362	(590)
Telecommunications	9,578	–	9,578	(4,994)
Transport infrastructure and logistics	2,814	4,261	7,075	(1,742)
Data centre operations	11,425	–	11,425	(1,654)
Other businesses	7,836	345	8,181	(4,350)
	682,960	101,354	784,314	(39,101)
Bank deposits and cash			15,280	–
Financial investments			2,601	–
Bank and other borrowings			–	(125,053)
Unallocated corporate assets/(liabilities)			3,796	(1,675)
Current tax payable			–	(9,456)
Deferred tax liabilities			–	(23,910)
Total assets/(liabilities)			805,991	(199,195)

### 3. Segment Information (cont'd)

#### (c) Other segment information

The Group's depreciation and amortization and additions to non-current assets by reportable and operating segments are analyzed as follows:

	Depreciation and amortization charged to consolidated income statement		Additions to non-current assets	
	2024	2023	2024	2023
Property investment for rental	–	–	7,186	14,038
Hotel operations	588	539	504	855
Telecommunications	1,644	1,666	1,376	1,236
Transport infrastructure and logistics	769	691	549	456
Data centre operations	587	508	3,513	3,079
Other businesses	190	184	174	116
Unallocated corporate assets	45	36	54	8
	<b>3,823</b>	3,624	<b>13,356</b>	19,788

#### (d) Geographical information

The Group's non-current assets by geographical location is analyzed as follows:

	2024			2023		
	The Company and its subsidiaries	Associates and joint ventures	Consolidated	The Company and its subsidiaries	Associates and joint ventures	Consolidated
Hong Kong	349,214	77,614	426,828	343,412	77,032	420,444
Mainland	113,662	17,184	130,846	112,315	18,337	130,652
Singapore	–	5,322	5,322	–	5,044	5,044
Others	76	935	1,011	79	941	1,020
	<b>462,952</b>	<b>101,055</b>	<b>564,007</b>	455,806	101,354	557,160
Other non-current assets			3,743			4,057
Financial investments			1,681			1,991
Total non-current assets			<b>569,431</b>			563,208

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 4. 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 year ended 30 June 2024

	Revenue from contracts with customers			Revenue from other sources	Total
	recognized at a point in time	recognized over time	Subtotal		
(i) By segments					
Property development	25,106	–	25,106	–	25,106
Property rental	–	2,154	2,154	18,212	20,366
Hotel operations	1,751	2,670	4,421	–	4,421
Telecommunications	1,712	4,509	6,221	–	6,221
Transport infrastructure and logistics	96	4,115	4,211	360	4,571
Data centre operations	–	2,674	2,674	–	2,674
Property management	227	5,293	5,520	–	5,520
Department store operations	1,895	–	1,895	–	1,895
Financial services and others	–	45	45	687	732
	<b>30,787</b>	<b>21,460</b>	<b>52,247</b>	<b>19,259</b>	<b>71,506</b>
(ii) Geographical markets					
Hong Kong	30,158	20,999	51,157	14,110	65,267
Mainland	618	420	1,038	5,149	6,187
Others	11	41	52	–	52
	<b>30,787</b>	<b>21,460</b>	<b>52,247</b>	<b>19,259</b>	<b>71,506</b>

#### 4. Revenue from Contracts with Customers (cont'd)

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

For the year ended 30 June 2023

	Revenue from contracts with customers			Revenue from other sources	Total
	recognized at a point in time	recognized over time	Subtotal		
(i) By segments					
Property development	26,183	–	26,183	–	26,183
Property rental	–	2,122	2,122	17,625	19,747
Hotel operations	1,640	1,864	3,504	–	3,504
Telecommunications	2,217	4,546	6,763	–	6,763
Transport infrastructure and logistics	66	3,849	3,915	361	4,276
Data centre operations	–	2,346	2,346	–	2,346
Property management	204	5,179	5,383	–	5,383
Department store operations	2,303	–	2,303	–	2,303
Financial services and others	–	26	26	664	690
	32,613	19,932	52,545	18,650	71,195
(ii) Geographical markets					
Hong Kong	29,925	19,682	49,607	13,905	63,512
Mainland	2,475	208	2,683	4,745	7,428
Others	213	42	255	–	255
	32,613	19,932	52,545	18,650	71,195

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 year, the Group recognized revenue of HK\$3,208 million (2023: HK\$1,951 million) from sales of properties that were included in contract liabilities at the beginning of the year.

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

As of 30 June 2024, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of development properties was HK\$30,860 million (2023: HK\$28,324 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 82% (2023: 84%) is expected to be recognized as revenue within one year. For all other contracts that have an original expected duration of one year or less or are billed directly according to performance completed to date, the Group has applied the practical expedient in paragraph 121 of HKFRS 15, Revenue from contracts with customers and does not disclose the amount of transaction price allocated to the remaining performance obligations.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 5. Net Finance Costs

	Notes	2024	2023
Interest and other finance costs on bank and other borrowings		<b>6,090</b>	4,521
Notional non-cash interest accretion	(a)	<b>65</b>	70
Finance costs on lease liabilities		<b>90</b>	44
Less: Amount capitalized	(b)	<b>(2,199)</b>	(1,582)
		<b>4,046</b>	3,053
Interest income on bank deposits		<b>(479)</b>	(554)
		<b>3,567</b>	2,499

- (a) Notional non-cash interest accretion represents adjustments to accrete the carrying amount of asset retirement obligations and contractual obligations of mobile licence recognized in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.
- (b) Interest expenses have been capitalized for properties under development at rates ranging from 3.76% to 4.91% (2023: 3.32% to 3.97%) per annum.

## 6. Profit before Taxation

	2024	2023
Profit before taxation is arrived at after charging:		
Cost of properties sold	<b>16,480</b>	14,236
Cost of other inventories sold	<b>2,672</b>	3,364
Depreciation of property, plant and equipment	<b>3,088</b>	2,888
Amortization of		
Intangible assets (included in cost of sales)	<b>735</b>	736
Contract acquisition costs	<b>982</b>	1,141
Credit loss allowance on financial assets and contract assets	<b>72</b>	346
Lease expenses		
Short-term and low-value assets leases	<b>142</b>	224
Variable lease payments	<b>35</b>	43
Staff costs (including directors' emoluments and retirement schemes contributions)	<b>10,605</b>	10,193
Share-based payments	<b>11</b>	20
Auditors' remuneration	<b>29</b>	29
Loss on disposal of financial investments at fair value through profit or loss	<b>26</b>	61
Fair value losses on financial investments at fair value through profit or loss	<b>–</b>	85
Loss on disposal of property, plant and equipment	<b>12</b>	10
and crediting:		
Dividend income from investments	<b>75</b>	110
Interest income from investments	<b>69</b>	72
Fair value gains on financial investments at fair value through profit or loss	<b>25</b>	–



## 7. Directors' Emoluments and Five Highest Paid Individuals

The aggregate amounts of emoluments paid and payable to the directors of the Company during the year are as follows:

Name of director	Notes	Salaries, allowances and benefits		Discretionary bonuses	Retirement scheme contributions	(Note c) Share-based payments	2024 Total emoluments	2023 Total emoluments
		Fees						
<b>Executive Directors</b>								
Kwok Ping-luen, Raymond		0.56	3.02	0.23	0.28	–	4.09	3.97
Wong Chik-wing, Mike		0.30	14.92	13.73	1.13	–	30.08	29.45
Lui Ting, Victor		0.30	12.58	16.32	1.13	–	30.33	29.75
Kwok Kai-fai, Adam		0.30	7.24	2.55	0.02	–	10.11	9.84
Kwok Kai-wang, Christopher		0.35	6.38	2.70	0.02	–	9.45	9.22
Tung Chi-ho, Eric		0.35	9.71	13.18	0.83	–	24.07	23.60
Fung Yuk-lun, Allen		0.52	8.27	14.60	0.41	1.30	25.10	25.98
Lau Tak-yeung, Albert	(a)	0.30	8.96	9.67	–	–	18.93	16.99
Fung Sau-yim, Maureen	(a)	0.30	8.35	15.79	0.77	–	25.21	20.34
Chan Hong-ki, Robert	(a)	0.35	8.33	9.83	0.59	–	19.10	16.81
<b>Non-Executive Directors</b>								
Kwan Cheuk-yin, William		0.42	–	–	–	–	0.42	0.42
Kwok Kai-chun, Geoffrey		0.30	–	–	–	–	0.30	0.30
<b>Independent Non-Executive Directors</b>								
Yip Dicky Peter		0.64	–	–	–	–	0.64	0.64
Wong Yue-chim, Richard		0.72	–	–	–	–	0.72	0.72
Li Ka-cheung, Eric		0.97	–	–	–	–	0.97	0.97
Fung Kwok-lun, William		0.30	–	–	–	–	0.30	0.30
Leung Nai-pang, Norman		0.70	–	–	–	–	0.70	0.70
Leung Ko May-yee, Margaret		0.30	–	–	–	–	0.30	0.30
Fan Hung-ling, Henry		0.30	–	–	–	–	0.30	0.30
Wu Xiang-dong	(b)	0.10	–	–	–	–	0.10	0.30
<b>Total 2024</b>		<b>8.38</b>	<b>87.76</b>	<b>98.60</b>	<b>5.18</b>	<b>1.30</b>	<b>201.22</b>	
Total 2023		8.43	81.40	93.55	4.84	2.68		190.90

The above analysis included five (2023: four) individuals whose emoluments were among the five highest pay in the Group.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 7. Directors' Emoluments and Five Highest Paid Individuals (cont'd)

Details of the emoluments paid to the remaining one individual for financial year 2023 are:

	2023
Salaries, allowances and benefits in kind	8.35
Discretionary bonuses	13.84
Retirement scheme contributions	0.77
	22.96

- (a) Mr. Lau Tak-yeung, Albert, Ms. Fung Sau-yim, Maureen and Mr. Chan Hong-ki, Robert were appointed as Executive Directors on 23 August 2022.
- (b) Mr. Wu Xiang-dong retired as an Independent Non-Executive Director at the annual general meeting of the Company held on 2 November 2023.
- (c) Share-based payments represented the fair value of share options granted to the director under the share option scheme of a subsidiary, which are determined at the date of grant and expensed over the vesting period.

## 8. Staff Retirement Schemes

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% on the employees' salary.

As required by the municipal or provincial social insurance laws and regulations, the Group made contributions to the pension insurance managed by the local municipal governments in mainland. The rates of contributions in general ranged from 13% to 16% of staff's monthly salary during the relevant period.

With effect from 1 December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to consolidated income statement as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK\$440 million (2023: HK\$410 million). Forfeited contributions for the year of HK\$3 million (2023: HK\$3 million) were used to reduce the existing level of contributions.

## 9. Taxation

	2024	2023
Current tax expenses		
Hong Kong profits tax	<b>2,549</b>	2,718
Under provision in prior years	<b>14</b>	34
	<b>2,563</b>	2,752
Tax outside Hong Kong	<b>1,336</b>	1,214
Over provision in prior years	–	(28)
	<b>1,336</b>	1,186
Total current tax	<b>3,899</b>	3,938
Deferred tax expenses		
Change in fair value of investment properties	<b>(353)</b>	(432)
Other origination and reversal of temporary differences	<b>432</b>	441
Total deferred tax	<b>79</b>	9
Total income tax expenses	<b>3,978</b>	3,947

- (a) Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) based on the estimated assessable profits for the year. 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.
- (b) Reconciliation between tax expenses and accounting profit at applicable tax rate:

	2024	2023
Profit before share of results of associates, joint ventures and taxation	<b>21,704</b>	24,453
Tax at Hong Kong profits tax rate of 16.5% (2023: 16.5%)	<b>3,581</b>	4,035
Effect of different tax rates of subsidiaries operating outside Hong Kong	<b>217</b>	117
Net effect of non-deductible expenses and non-taxable income	<b>(376)</b>	(525)
Utilization of tax losses not previously recognized	<b>(170)</b>	(129)
Tax losses and other temporary differences not recognized	<b>347</b>	429
Under provision in prior years	<b>14</b>	6
Withholding tax on income distributions	<b>365</b>	14
Tax expenses	<b>3,978</b>	3,947

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 10. Dividends

### (a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2024	2023
Interim dividend declared and paid of HK\$0.95 (2023: HK\$1.25) per share	2,753	3,622
Final dividend proposed after the end of the reporting period of HK\$2.80 (2023: HK\$3.70) per share	8,114	10,722
	<b>10,867</b>	14,344

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

### (b) Dividends payable to equity shareholders of the Company attributable to profit for the previous financial year, approved and paid during the year

	2024	2023
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$3.70 (2022: HK\$3.70) per share	10,722	10,722

## 11. Earnings Per Share

### (a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK\$19,046 million (2023: HK\$23,907 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,897,780,274 (2023: 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 years.

### (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 attributable to the Company's shareholders of HK\$21,739 million (2023: HK\$23,885 million), which excluded the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	2024	2023
Profit attributable to the Company's shareholders as shown in the consolidated income statement	19,046	23,907
Decrease/(increase) in fair value of investment properties		
Subsidiaries	1,481	593
Associates	(53)	(491)
Joint ventures	1,352	77
	2,780	179
Effect of corresponding deferred tax expenses		
Subsidiaries	(353)	(432)
Joint ventures	8	22
Non-controlling interests	(23)	10
Unrealized fair value losses/(gains) of investment properties net of deferred tax	2,412	(221)
Cumulative valuation gains of investment properties net of deferred tax realized on disposal	281	199
Net effect of change in fair value of investment properties	2,693	(22)
Underlying profit attributable to the Company's shareholders	<b>21,739</b>	23,885

## 12. Investment Properties

### (a) Movement during the year

	Completed	Under development	Total
Valuation			
At 1 July 2022	329,556	69,173	398,729
Additions	924	13,114	14,038
Transfer upon completion	13,343	(13,343)	–
Transfer from property, plant and equipment	942	–	942
Disposals	(207)	–	(207)
Transfer to property, plant and equipment	(161)	–	(161)
Exchange difference	(5,873)	(3,316)	(9,189)
Decrease in fair value	(537)	(56)	(593)
At 30 June 2023 and 1 July 2023	337,987	65,572	403,559
Additions	<b>725</b>	<b>6,461</b>	<b>7,186</b>
Transfer upon completion	<b>10,934</b>	<b>(10,934)</b>	–
Transfer from property, plant and equipment	<b>13</b>	–	<b>13</b>
Disposals	<b>(331)</b>	–	<b>(331)</b>
Exchange difference	<b>(354)</b>	<b>(168)</b>	<b>(522)</b>
Increase/(decrease) in fair value	<b>240</b>	<b>(1,721)</b>	<b>(1,481)</b>
At 30 June 2024	<b>349,214</b>	<b>59,210</b>	<b>408,424</b>

### (b) Investment properties valuation

The Group's investment properties were valued at their fair values at 30 June 2024 and 30 June 2023 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.

Fair values of the Group's investment properties are categorized as Level 3 measurement in the fair value hierarchy. During the year, there were no transfers among the fair value hierarchy.

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.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 12. Investment Properties (cont'd)

### (b) Investment properties valuation (cont'd)

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	
	2024	2023	2024	2023
<b>Completed</b>				
Hong Kong	<b>274,585</b>	263,266	<b>5.1%</b>	5.1%
Mainland	<b>74,629</b>	74,721	<b>6.6%</b>	6.6%
	<b>349,214</b>	337,987		
	Fair value (residual method)		Capitalization rate	
	2024	2023	2024	2023
<b>Under development</b>				
Hong Kong	<b>25,578</b>	33,151	<b>3.5% – 5.5%</b>	3.0% – 5.5%
Mainland	<b>33,632</b>	32,421	<b>5.0% – 8.8%</b>	5.0% – 8.8%
	<b>59,210</b>	65,572		

The fair values of the Group's investment properties are inversely related to capitalization rates, which are determined by reference to investors' expectations on investment yields, rental growth and the risk profile of the properties being valued. A lower (higher) capitalization rate would imply a higher (lower) property value.

- (c) Profit on disposal of the Group's investment properties during the year amounted to HK\$343 million (2023: HK\$197 million).
- (d) Gross rental income and direct operating expenses from investment properties during the year amounted to HK\$19,066 million (2023: HK\$18,455 million) and HK\$4,512 million (2023: HK\$4,504 million) respectively.

### 13. Property, Plant and Equipment

#### Movement during the year

	Ownership interests in leasehold land and buildings held for own use				Other		Total
	Hotel properties	Other completed properties	Properties under development	Subtotal	properties leased for own use	Plant and equipment	
Cost							
At 1 July 2022	20,682	11,094	13,022	44,798	4,671	17,608	67,077
Additions	181	1	3,241	3,423	1,108	1,219	5,750
Transfer from completed investment properties	–	161	–	161	–	–	161
Transfer upon completion	846	1,253	(2,655)	(556)	–	556	–
Disposals	(1)	–	–	(1)	(239)	(358)	(598)
Transfer to completed investment properties	(513)	–	–	(513)	–	–	(513)
Exchange difference	(177)	(9)	(275)	(461)	–	(47)	(508)
At 30 June 2023 and 1 July 2023	21,018	12,500	13,333	46,851	5,540	18,978	71,369
Additions	<b>118</b>	<b>16</b>	<b>3,262</b>	<b>3,396</b>	<b>1,210</b>	<b>1,564</b>	<b>6,170</b>
Transfer upon completion	<b>1,318</b>	<b>1,316</b>	<b>(4,373)</b>	<b>(1,739)</b>	–	<b>1,739</b>	–
Disposals	<b>(2)</b>	–	–	<b>(2)</b>	<b>(252)</b>	<b>(890)</b>	<b>(1,144)</b>
Transfer to completed investment properties	–	<b>(13)</b>	–	<b>(13)</b>	–	–	<b>(13)</b>
Exchange difference	<b>(42)</b>	<b>(2)</b>	<b>14</b>	<b>(30)</b>	–	<b>(5)</b>	<b>(35)</b>
At 30 June 2024	<b>22,410</b>	<b>13,817</b>	<b>12,236</b>	<b>48,463</b>	<b>6,498</b>	<b>21,386</b>	<b>76,347</b>
Accumulated depreciation and impairment							
At 1 July 2022	5,828	2,798	–	8,626	2,785	10,711	22,122
Charge for the year	500	240	–	740	992	1,156	2,888
Disposals	(1)	–	–	(1)	(221)	(332)	(554)
Transfer to completed investment properties	(176)	–	–	(176)	–	–	(176)
Exchange difference	(43)	(5)	–	(48)	–	(31)	(79)
At 30 June 2023 and 1 July 2023	6,108	3,033	–	9,141	3,556	11,504	24,201
Charge for the year	<b>535</b>	<b>252</b>	–	<b>787</b>	<b>1,075</b>	<b>1,226</b>	<b>3,088</b>
Disposals	<b>(2)</b>	–	–	<b>(2)</b>	<b>(252)</b>	<b>(873)</b>	<b>(1,127)</b>
Exchange difference	<b>(3)</b>	<b>(1)</b>	–	<b>(4)</b>	–	<b>(1)</b>	<b>(5)</b>
At 30 June 2024	<b>6,638</b>	<b>3,284</b>	–	<b>9,922</b>	<b>4,379</b>	<b>11,856</b>	<b>26,157</b>
Net book value at 30 June 2024	<b>15,772</b>	<b>10,533</b>	<b>12,236</b>	<b>38,541</b>	<b>2,119</b>	<b>9,530</b>	<b>50,190</b>
Net book value at 30 June 2023	14,910	9,467	13,333	37,710	1,984	7,474	47,168

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 13. Property, Plant and Equipment (cont'd)

Included in the above line items are the following rights-of-use assets in relation to ownership interests in leasehold land and other properties leased by the Group for own use:

	Notes	During the year ended 30 June 2024		At 30 June 2024
		Additions	Depreciation	Net book value
<b>Right-of-use assets</b>				
Ownership interests in leasehold land held for own use	(i)	–	186	14,509
Other properties leased for own use	(ii)	1,210	1,075	2,119
		<b>1,210</b>	<b>1,261</b>	<b>16,628</b>

(i) The Group holds ownership interests in leasehold land used primarily for its hotel operations, data centre and logistics business, and for use as corporate headquarter. Land premium or lump sum payments were made upfront to acquire these land interests, and there are no ongoing lease payments to be made under the terms of the land lease. The leasehold land interests are depreciated over the unexpired term of their respective leases.

(ii) The Group is the lessee in a number of lease or tenancy contracts in respect of certain other properties leased for use as retail stores and office premises, and for use in transport logistics business, car parking operations and installation of telecommunications equipment. The leases are capitalized as right-of-use assets with depreciation provided to write off the cost of the leased assets over the shorter of the expected lease terms and their estimated useful lives. Remaining term of these leases range from one to twenty years. Certain of these leases include an option to renew the lease for an additional period after the end of the contract term.

## 14. Associates

	2024	2023
Unlisted shares, at cost less impairment loss	7	7
Hong Kong listed shares, at cost	2,109	1,942
Share of post-acquisition reserves	5,838	5,766
	<b>7,954</b>	7,715
Market value of Hong Kong listed associate	<b>2,008</b>	2,031



## 14. Associates (cont'd)

The Group's effective interest in the revenue, results, assets and liabilities of its associates are summarized below:

	2024	2023
Investment properties	<b>4,766</b>	4,502
Other non-current assets	<b>5,399</b>	5,406
Current assets	<b>2,056</b>	2,233
Current liabilities	<b>(1,641)</b>	(1,767)
Non-current liabilities	<b>(2,626)</b>	(2,659)
Net assets	<b>7,954</b>	7,715
Revenue	<b>3,885</b>	3,433
Fair value change of investment properties net of related deferred tax	<b>53</b>	491
Profit for the year	<b>259</b>	738

Particulars regarding principal associates are set out in the section headed "Principal Associates" of the Annual Report 2024.

## 15. Joint Ventures

	2024	2023
Unlisted shares, at cost less impairment loss	<b>29,693</b>	29,705
Share of post-acquisition reserves	<b>52,973</b>	53,696
	<b>82,666</b>	83,401
Amounts due from joint ventures	<b>10,435</b>	10,238
	<b>93,101</b>	93,639

Amounts due from joint ventures form part of the Group's net interests in joint ventures. The amounts are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders except for the amounts of HK\$1,763 million (2023: HK\$1,754 million) which are interest bearing at market rates.

The Group's effective interest in the revenue, results, assets and liabilities of its joint ventures are summarized below:

	2024	2023
Investment properties	<b>100,632</b>	100,556
Other non-current assets	<b>3,215</b>	3,743
Current assets	<b>26,024</b>	24,401
Current liabilities	<b>(20,683)</b>	(18,261)
Non-current liabilities	<b>(26,522)</b>	(27,038)
Net assets	<b>82,666</b>	83,401
Revenue	<b>8,245</b>	8,753
Fair value change of investment properties net of related deferred tax	<b>(1,360)</b>	(99)
Profit for the year	<b>1,620</b>	3,331

Particulars regarding principal joint ventures are set out in the section headed "Principal Joint Ventures" of the Annual Report 2024.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 16. Financial Investments

	2024			Total
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	
<b>Non-current assets</b>				
Debt securities	13	157	360	530
Equity securities	440	711	–	1,151
	<b>453</b>	<b>868</b>	<b>360</b>	<b>1,681</b>
<b>Current assets</b>				
Debt securities	–	–	74	74
Equity securities	674	–	–	674
	<b>674</b>	<b>–</b>	<b>74</b>	<b>748</b>
	2023			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
<b>Non-current assets</b>				
Debt securities	12	90	475	577
Equity securities	474	940	–	1,414
	486	1,030	475	1,991
<b>Current assets</b>				
Debt securities	–	4	–	4
Equity securities	606	–	–	606
	606	4	–	610

## 17. Intangible Assets

	Concession assets	Mobile licences	Goodwill	Total
Cost				
At 1 July 2022, 30 June 2023 and 30 June 2024	<b>6,936</b>	<b>7,964</b>	<b>169</b>	<b>15,069</b>
Accumulated amortization and impairment				
At 1 July 2022	6,174	3,059	21	9,254
Amortization	262	474	–	736
At 30 June 2023 and 1 July 2023	6,436	3,533	21	9,990
Amortization	<b>262</b>	<b>473</b>	–	<b>735</b>
Impairment	–	–	<b>6</b>	<b>6</b>
At 30 June 2024	<b>6,698</b>	<b>4,006</b>	<b>27</b>	<b>10,731</b>
Net book value at 30 June 2024	<b>238</b>	<b>3,958</b>	<b>142</b>	<b>4,338</b>
Net book value at 30 June 2023	500	4,431	148	5,079

Concession assets represent cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructure, which have finite useful lives of 27 years, and are amortized on a straight line basis.

Mobile licences represent the upfront payments and the present value of the annual fixed fees payable over the licence period, which have finite useful lives ranging from 12 to 15 years, and are amortized on a straight line basis. The corresponding non-current and current portion of these contractual liabilities are recorded in other non-current liabilities and other payables respectively.

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries. At the year end date, an impairment test was performed by comparing the carrying amount of the business with the recoverable amount.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 18. Other Non-Current Assets

	Note	2024	2023
Mortgage loan receivables		2,844	3,089
Other loan receivables		1,086	1,057
Total loans receivables		3,930	4,146
Less: Amount due within one year included under trade and other receivables		(265)	(216)
		3,665	3,930
Derivative financial instruments	19	78	127
		3,743	4,057

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with various tenors up to 30 years (2023: 30 years) at the year end date and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK\$1,946 million (2023: HK\$1,920 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.

## 19. Derivative Financial Instruments

	Notes	2024		2023	
		Assets	Liabilities	Assets	Liabilities
Fair value hedges					
– interest rate swaps		–	5	–	14
– cross currency interest rate swaps		–	14	–	15
		–	19	–	29
Cash flow hedges					
– cross currency interest rate swaps		71	340	118	98
Not designated as accounting hedges					
– forward foreign exchange contracts		7	–	9	–
		78	359	127	127
<b>Representing:</b>					
Current portion	24	–	–	–	66
Non-current portion	18 & 28	78	359	127	61
		78	359	127	127

The total outstanding derivative financial instruments as at the year end date are analyzed as follows:

	Maturing date	Notional principal amount	
		2024	2023
Designated as accounting hedges			
– interest rate swaps and cross currency interest rate swaps	Feb 2026 – May 2030 (2023: Jul 2023 – May 2030)	16,302	17,872
Not designated as accounting hedges			
– forward foreign exchange contracts	Sep 2025 (2023: Sep 2025)	87	87
		16,389	17,959

## 20. Properties for Sale

	2024	2023
Stock of completed properties for sale	<b>72,881</b>	62,448
Properties under development for sale	<b>141,196</b>	149,191
	<b>214,077</b>	211,639

## 21. Trade and Other Receivables

	Notes	2024	2023
Trade receivables	(a)	<b>3,645</b>	3,818
Other account receivables, deposits and prepayments	(b)	<b>12,255</b>	9,458
Deposits for acquisition of properties		<b>247</b>	750
Contract assets	(c)	<b>703</b>	515
Short-term loans	18	<b>265</b>	216
		<b>17,115</b>	14,757

- (a) At 30 June 2024, 63% (2023: 65%) of trade receivables are aged less than 30 days, 11% (2023: 14%) between 31 to 60 days, 7% (2023: 6%) between 61 to 90 days and 19% (2023: 15%) more than 90 days.

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. When the Group is satisfied that recovery of the amount is remote, the impairment loss is written off against trade receivables directly. Impairment allowance in respect of trade receivable as at 30 June 2024 amounted to HK\$204 million (2023: HK\$137 million).

- (b) The balance includes contract acquisition costs of HK\$217 million (2023: HK\$277 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.
- (c) The contract assets primarily relate to the Group's right to consideration for unbilled revenue in relation to services rendered for use of data centre and IT facilities, telecommunication and construction services at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

## 22. Bank Deposits and Cash

Deposits with banks are interest bearing at prevailing market rates. At the year end date, about 61% (2023: 46%) of the Group's bank deposits and cash are denominated in Hong Kong dollar, 33% (2023: 47%) in Renminbi and 6% (2023: 7%) in US dollar.

## 23. Bank and Other Borrowings

	Note	2024	2023
Long-term bank and other borrowings due within one year	26	<b>10,498</b>	7,508

The carrying amounts of the bank and other borrowings approximate their fair values.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 24. Trade and Other Payables

	Notes	2024	2023
Trade payables	(a)	<b>3,070</b>	3,259
Other payables and accrued expenses		<b>26,076</b>	25,394
Contract liabilities	(b)	<b>1,179</b>	957
Amounts due to non-controlling interests	(c)	<b>1,213</b>	1,234
Lease liabilities	28	<b>874</b>	1,378
Derivative financial instruments	19	–	66
		<b>32,412</b>	32,288

- (a) At 30 June 2024, 57% (2023: 66%) of trade payables are aged less than 30 days, 9% (2023: 7%) between 31 to 60 days, 5% (2023: 4%) between 61 to 90 days and 29% (2023: 23%) more than 90 days.
- (b) The contract liabilities relate primarily to advance payments received from customers in respect of use of data centre and IT facilities, telecommunication and construction services.
- (c) The amounts due to non-controlling interests are interest free, unsecured and have no fixed terms of repayment.

## 25. Deposits Received on Sales of Properties

The Group receives payments from customers based on payment schedules established in contracts. The Group receives certain percentage of the agreed transaction price as a deposit when the Group signs a contract with the customers. Typically, the remaining balance is paid upon closing of the contracts when the properties are assigned to the customers. In many cases, the Group receives some further deposits from customers prior to the closing of the contracts. In some arrangements relating to sales of uncompleted properties, the customers agree to pay the balance of consideration early during the property construction period, rather than on assignment. All such deposits received are recognized as contract liabilities until the Group satisfies its performance obligations by transferring the control of the properties to the customers, at which time the contract liabilities are recognized as revenue.

Changes in contract liabilities in respect of deposits received on sales of properties during the year:

	2024	2023
At 1 July	<b>4,162</b>	3,039
Exchange difference	<b>(31)</b>	(60)
Decrease as a result of recognizing revenue during the year	<b>(3,208)</b>	(1,951)
Increase as a result of receiving sales deposits during the year	<b>10,303</b>	3,134
At 30 June	<b>11,226</b>	4,162

## 26. Bank and Other Borrowings

The Group's long-term bank and other loans are repayable as follows:

	Note	2024	2023
<b>Bank loans repayable</b>			
Within one year		8,148	4,943
After one year but within two years		11,522	29,649
After two years but within five years		57,437	44,459
After five years		9,826	7,185
		<b>86,933</b>	86,236
<b>Bonds and notes repayable</b>			
Within one year		2,350	2,565
After one year but within two years		8,530	2,350
After two years but within five years		17,379	13,136
After five years		11,895	20,766
		<b>40,154</b>	38,817
		<b>127,087</b>	125,053
Less: Amount due within one year included under current liabilities	23	<b>(10,498)</b>	(7,508)
		<b>116,589</b>	117,545

The fair values of the long-term borrowings as estimated by discounting their future cash flows at the prevailing market borrowing rates at the year end date for similar borrowings are as follows:

	Carrying amount		Fair value	
	2024	2023	2024	2023
Bank loans	78,785	81,293	78,785	81,293
Bonds and notes	37,804	36,252	34,978	32,787
	<b>116,589</b>	117,545	<b>113,763</b>	114,080

(a) The carrying amounts of the Group's total borrowings are analyzed as follows:

	2024	2023
Secured	3,479	2,218
Unsecured	123,608	122,835
	<b>127,087</b>	125,053

Secured borrowings related to certain subsidiaries' borrowings which are secured against certain of their property assets and business undertakings.

- (b) The above bank loans are repayable on various dates and carry interest, after hedging where appropriate, at effective rate per annum of 4.99% (2023: 5.17%) at the year end date.
- (c) The bonds and notes are repayable on various dates up to June 2033 (2023: June 2033) and carry interest, after hedging where appropriate, at effective rate per annum of 2.82% (2023: 2.74%) at the year end date.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 26. Bank and Other Borrowings (cont'd)

- (d) The carrying amounts of the Group's total borrowings are denominated in the following currencies (after cross currency interest rate swaps):

	2024	2023
Hong Kong dollar	<b>99,867</b>	105,861
Renminbi	<b>25,527</b>	17,565
British pound	<b>1,693</b>	1,627
	<b>127,087</b>	125,053

## 27. Deferred Tax Liabilities

Deferred income tax assets and liabilities are offset when taxes relate to the same tax authority and where offsetting is legally enforceable. The Group has not recognized deferred tax assets arising from tax losses and deductible temporary differences as it is uncertain that the related tax benefits can be realized through future taxable profit. The components of the carrying amount of deferred tax liabilities and the movements during the year are as follows:

	Accelerated tax depreciation	Revaluation of properties	Tax losses	Others	Total
At 1 July 2022	8,447	17,465	(490)	111	25,533
Charged/(credited) to consolidated income statement	622	(432)	(180)	(1)	9
Credited to reserve	–	–	–	(1)	(1)
Exchange difference	(236)	(1,392)	6	(9)	(1,631)
At 30 June 2023 and 1 July 2023	8,833	15,641	(664)	100	23,910
Charged/(credited) to consolidated income statement	<b>810</b>	<b>(353)</b>	<b>(394)</b>	<b>16</b>	<b>79</b>
Charged to reserve	–	–	–	<b>1</b>	<b>1</b>
Exchange difference	<b>(14)</b>	<b>(71)</b>	<b>1</b>	<b>(1)</b>	<b>(85)</b>
At 30 June 2024	<b>9,629</b>	<b>15,217</b>	<b>(1,057)</b>	<b>116</b>	<b>23,905</b>

At the year end date, the Group has unrecognized tax losses and deductible temporary differences of HK\$8,598 million (2023: HK\$7,595 million), of which HK\$1,272 million (2023: HK\$1,232 million) of tax losses will expire at various dates up to 2028 (2023: 2027). Recognition of these unrecognized tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.



## 28. Other Non-Current Liabilities

	Notes	2024	2023
Asset retirement and other obligations		52	64
Contractual obligations for mobile licences		2,413	2,578
Lease liabilities	(a)	1,693	1,623
Derivative financial instruments	19	359	61
		<b>4,517</b>	4,326

(a) At the year end date, the Group's lease liabilities are repayable as follows:

	2024	2023
Within one year	874	1,378
After one year but within two years	415	402
After two years but within five years	489	403
After five years	789	818
	<b>2,567</b>	3,001
Less: Amount due within one year included under trade and other payables	<b>(874)</b>	(1,378)
	<b>1,693</b>	1,623

## 29. Share Capital

	Number of shares in million	Amount
<b>Issued and fully paid:</b>		
Ordinary shares		
At 30 June 2023 and 30 June 2024	<b>2,898</b>	<b>70,703</b>

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 30. Statement of Financial Position of the Company

	Notes	2024	2023
<b>Non-current assets</b>			
Subsidiaries	(a)	<b>31,431</b>	31,431
<b>Current assets</b>			
Amounts due from subsidiaries		<b>203,304</b>	194,959
Bank deposits and cash		<b>62</b>	59
		<b>203,366</b>	195,018
<b>Current liabilities</b>			
Trade and other payables		<b>(69)</b>	(66)
<b>Net current assets</b>		<b>203,297</b>	194,952
<b>NET ASSETS</b>		<b>234,728</b>	226,383
<b>CAPITAL AND RESERVES</b>			
Share capital	29	<b>70,703</b>	70,703
Reserves	(b)	<b>164,025</b>	155,680
<b>SHAREHOLDERS' EQUITY</b>		<b>234,728</b>	226,383

Directors:

**Kwok Ping-luen, Raymond**

**Lui Ting, Victor**

(a) Particulars regarding principal subsidiaries are set out in the section headed "Principal Subsidiaries" of the Annual Report 2024.

(b) The movement of Company reserves during the year are as follows:

	Capital reserve	Retained profits	Total
At 1 July 2022	5,297	144,892	150,189
Profit for the year	–	19,835	19,835
Final dividend paid for the year ended 30 June 2022	–	(10,722)	(10,722)
Interim dividend paid for the year	–	(3,622)	(3,622)
At 30 June 2023 and 1 July 2023	5,297	150,383	155,680
Profit for the year	–	<b>21,820</b>	<b>21,820</b>
Final dividend paid for the year ended 30 June 2023	–	<b>(10,722)</b>	<b>(10,722)</b>
Interim dividend paid for the year	–	<b>(2,753)</b>	<b>(2,753)</b>
At 30 June 2024	<b>5,297</b>	<b>158,728</b>	<b>164,025</b>

Reserves of the Company available for distribution to equity shareholders of the Company as at 30 June 2024 amounted to HK\$158,728 million (2023: HK\$150,383 million).

### 31. Notes to Consolidated Statement of Cash Flows

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

	2024	2023
Operating profit	<b>26,752</b>	27,545
Depreciation and amortization	<b>4,805</b>	4,765
Profit on disposal of investment properties	<b>(343)</b>	(197)
Loss on disposal of property, plant and equipment	<b>12</b>	10
Dividend income from investments	<b>(75)</b>	(110)
Loss on disposal of long-term financial investments	<b>3</b>	–
Interest income from investments	<b>(69)</b>	(72)
Fair value losses on long-term financial investments at FVTPL	<b>63</b>	89
Share-based payments	<b>11</b>	20
Other non-cash items	<b>8</b>	332
Exchange difference	<b>109</b>	221
<b>Operating cash inflow</b>	<b>31,276</b>	32,603
Decrease in stock of completed properties for sale	<b>17,658</b>	15,036
Increase in properties under development for sale	<b>(20,015)</b>	(20,188)
Decrease in loans receivables	<b>216</b>	1,088
Increase in inventories	<b>(5)</b>	(19)
(Increase)/decrease in trade and other receivables	<b>(3,302)</b>	3,544
(Increase)/decrease in short-term financial investments at FVTPL	<b>(70)</b>	40
Increase in trade and other payables	<b>713</b>	941
Increase in deposits received on sales of properties	<b>7,064</b>	1,123
<b>Changes in working capital</b>	<b>2,259</b>	1,565
<b>Cash generated from operations</b>	<b>33,535</b>	34,168

#### (b) Analysis of the balance of cash and cash equivalents at end of year

	2024	2023
Bank deposits and cash	<b>16,221</b>	15,280
Less: Bank deposits maturing after more than three months	<b>(139)</b>	(957)
Less: Pledged bank deposits	<b>(48)</b>	(46)
	<b>16,034</b>	14,277

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 31. Notes to Consolidated Statement of Cash Flows (cont'd)

### (c) Reconciliation of the carrying amounts of liabilities relating to financing activities

	Bank and other borrowings	Amounts due to non- controlling interests	Lease liabilities	Total
At 1 July 2022	124,931	1,279	1,841	128,051
Changes from financing cash flows	1,254	(45)	(944)	265
Adjustment due to fair value change of financial instruments	(26)	–	–	(26)
Net exchange difference	(1,106)	–	–	(1,106)
New leases arranged during the year	–	–	2,122	2,122
Lease termination during the year	–	–	(18)	(18)
At 30 June 2023 and 1 July 2023	125,053	1,234	3,001	129,288
Changes from financing cash flows	<b>2,118</b>	<b>(21)</b>	<b>(1,625)</b>	<b>472</b>
Adjustment due to fair value change of financial instruments	<b>10</b>	–	–	<b>10</b>
Net exchange difference	<b>(94)</b>	–	–	<b>(94)</b>
New leases arranged during the year	–	–	<b>1,191</b>	<b>1,191</b>
At 30 June 2024	<b>127,087</b>	<b>1,213</b>	<b>2,567</b>	<b>130,867</b>

## 32. Joint Operations

At the year end date, the aggregate amounts of assets and liabilities recognized in the consolidated financial statements relating to the Group's interests in joint operations are as follows:

	2024	2023
Investment properties	<b>21,810</b>	21,732
Stocks of completed properties for sale	<b>1,938</b>	1,726
Properties under development for sale	<b>3,794</b>	4,510
	<b>27,542</b>	27,968
Trade and other payables	<b>990</b>	1,187
Current tax payable	<b>139</b>	102
Deferred tax liabilities	<b>223</b>	217
	<b>1,352</b>	1,506
Revenue	<b>2,070</b>	1,889
Expenses	<b>1,161</b>	1,087

### 33. Related Party Transactions

#### (a) Transactions with associates and joint ventures

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	
	2024	2023	2024	2023
Interest income	–	–	94	92
Cash rental paid	–	–	58	43
Other revenue from services rendered	326	816	2,410	947
Purchase of goods and services	–	–	578	644

(b) Emoluments to key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, are disclosed in Note 7.

### 34. Contingent Liabilities and Commitments

At the year end date, the Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	2024	2023
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	3,533	4,640
Authorized but not contracted for	12,164	6,026
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	2,229	2,661
Authorized but not contracted for	3,309	4,344

(c) Guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$1,907 million (2023: HK\$2,072 million).

### 35. Operating Lease

The Group leases out properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are re-negotiated.

At the year end date, the aggregate minimum lease payments receivable by the Group in the future periods under non-cancellable operating leases are as follows:

	2024	2023
Within one year	14,205	14,297
After one year but within two years	8,878	8,342
After two years but within three years	4,757	4,352
After three years but within four years	2,341	2,116
After four years but within five years	1,214	1,223
After five years	487	723
	<b>31,882</b>	31,053

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 36. Charges of Assets

At the year end date, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$48 million (2023: HK\$46 million) have been pledged for securing guarantees issued by the banks.

At the year end date, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$5,840 million (2023: HK\$2,898 million) have been charged to secure their bank borrowings.

## 37. Critical Accounting Judgements and Estimations

In the application of the Group's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions used in preparing the consolidated financial statements are continually evaluated based on historical experience and other factors that are considered relevant, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

### (a) Fair value of investment properties

At each reporting date, the Group's investment properties (including investment properties under development) are measured at fair values based on valuations by independent qualified valuers on the highest and best use basis. Income capitalization method is used in the valuations which is dependent on certain estimates, including fair market rents, appropriate capitalization rates, reversionary income potential and redevelopment potential where appropriate. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin. The management has reviewed the valuation and is satisfied that the valuation of the Group's investment properties is reasonable.

### (b) Impairment of assets

Assets including goodwill and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. Estimating the value in use of an asset involves estimating the future cash flows expected to arise from its continuing use and from its disposal at the end of its useful life and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

### (c) Net realizable value of properties for sale

Net realizable value of properties for sale (comprising completed properties for sale and properties under development for sale) is determined based on the Group's assessment of the price ultimately expected to be realized in the ordinary course of business by reference to prevailing market conditions less all estimated selling expenses and anticipated costs to completion.

### (d) Income taxes

There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain and judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

### (e) Recognition of deferred tax assets

The amount of the deferred tax assets included in the consolidated financial statements of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilized. The recognition of deferred tax assets requires the Group to make judgements, based on assessment regarding future financial performance, about the amount of future taxable profits and the timing of when these will be realized.

## 38. Financial Risk Management

The Group's major financial instruments include investments, amounts due from associates and joint ventures, loan receivables, trade receivables, bank deposits and cash, trade payables, bank and other borrowings and other non-current liabilities. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments are managed by the Group's financial management policies and practices described below:

### (a) Foreign currency risk

Foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operational cash flows and borrowings are mainly denominated in Hong Kong dollar. The Group aims to minimize its currency risk using forward contracts where feasible and cost effective. The Group's primary foreign currency exposures arise mainly from the property development and investment activities in mainland and Singapore, whose net assets are exposed to foreign currency translation risk. Where appropriate, the Group seeks to finance these investments through borrowings denominated in the relevant foreign currencies. Exchange differences arising from the translation of the net investment in these mainland and Singapore subsidiaries, associates and joint ventures have been dealt with in consolidated statement of comprehensive income.

The Group is also exposed to foreign currency risk in respect of its foreign currency borrowings, bank deposits and cash, mainly denominated in US dollar. Where appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with its borrowings. Foreign currency exposure of the Group's other monetary assets/liabilities is minimal.

At 30 June 2024, it is estimated that a 10% (2023: 10%) appreciation/depreciation in Hong Kong dollar against all other currencies, with all other variables held constant, would increase/decrease the profit before taxation for the year by approximately HK\$86 million (2023: decrease/increase by HK\$354 million). The other comprehensive income would be decreased/increased by HK\$38 million (2023: HK\$31 million).

### (b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly, at times of interest rate uncertainty, through the use of interest rate swaps.

The Group's interest rate risks arise principally from borrowings. Borrowings raised at floating rates expose the Group to cash flow interest rate risk. Interest rate risk is managed by the Group's senior management through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to the Group's businesses and investments.

The Group's borrowings are principally arranged on a floating rate basis. When appropriate, interest rate swaps are used to hedge and manage its long-term interest rate exposure. Speculative derivative transactions are strictly prohibited.

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 38. Financial Risk Management (cont'd)

### (b) Interest rate risk (cont'd)

As at 30 June 2024, it is estimated that an increase/a decrease of 100 basis points (2023: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK\$689 million (2023: HK\$692 million).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the year end date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for financial year 2023.

### (c) Price risk

The Group is exposed to price risk through the Group's financial investments that are measured at fair value at each year end date with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at 30 June 2024, it is estimated that an increase/a decrease of 10% (2023: 10%) in quoted prices, with all other variables held constant, would increase/decrease the profit before taxation for the year and the other comprehensive income by approximately HK\$68 million and HK\$55 million (2023: HK\$60 million and HK\$71 million), respectively.

### (d) Credit risk

The Group's credit risk is primarily attributable to trade receivables, loan receivables, derivative financial instruments and deposits with banks and financial institutions.

The Group's trade receivables mainly arise from sale of properties developed by the Group and rent receivables from tenants. Occasionally, long term loans are provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each year end date to ensure that adequate impairment loss is made for irrecoverable amounts.

Counterparty exposure from derivatives is managed, together with that from deposits and bank account balances, with credit limit that reflect published credit ratings and monitored on a regular basis to ensure there is no significant risk to any individual counterparty.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated financial statements after deducting any impairment loss. Except for the financial guarantees as set out in Note 34, the Group does not provide any other guarantee which would expose the Group to material credit risk.



### 38. Financial Risk Management (cont'd)

#### (e) Liquidity risk

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. The Group takes liquidity risk into consideration when deciding its sources of finances and their respective tenors. The Group aims to diversify its funding sources and minimize its refinancing risk by preventing substantial refinancing in any one period. The Group also maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The tables have been drawn up based on the contractual undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Notes	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years
<b>As at 30 June 2024</b>							
Trade payables	24	3,070	3,070	2,962	104	4	–
Other payables and accrued expenses	24	26,076	26,079	22,383	1,897	1,685	114
Amounts due to non-controlling interests	24	1,213	1,213	1,213	–	–	–
Lease liabilities	24 & 28	2,567	2,854	933	448	559	914
Bank and other borrowings	23 & 26	127,087	143,991	15,638	24,623	80,859	22,871
Other non-current liabilities	28	2,465	2,808	–	236	744	1,828
Derivative financial instruments	19	359	416	(12)	(20)	104	344
		<b>162,837</b>	<b>180,431</b>	<b>43,117</b>	<b>27,288</b>	<b>83,955</b>	<b>26,071</b>

	Notes	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years
<b>As at 30 June 2023</b>							
Trade payables	24	3,259	3,259	3,075	176	8	–
Other payables and accrued expenses	24	25,394	25,396	21,725	1,942	1,591	138
Amounts due to non-controlling interests	24	1,234	1,234	1,234	–	–	–
Lease liabilities	24 & 28	3,001	3,286	1,425	430	475	956
Bank and other borrowings	23 & 26	125,053	142,386	12,881	35,850	62,011	31,644
Other non-current liabilities	28	2,642	3,038	–	230	726	2,082
Derivative financial instruments	19	127	130	81	3	(3)	49
		<b>160,710</b>	<b>178,729</b>	<b>40,421</b>	<b>38,631</b>	<b>64,808</b>	<b>34,869</b>

# Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 39. 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 30 June 2024

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at FVTPL				
Debt securities	13	–	–	13
Equity securities	674	–	440	1,114
Financial assets at FVOCI				
Debt securities	157	–	–	157
Equity securities	389	7	315	711
Derivative financial instruments				
Cross currency interest rate swaps	–	71	–	71
Forward foreign exchange contracts	–	7	–	7
	<b>1,233</b>	<b>85</b>	<b>755</b>	<b>2,073</b>
<b>Financial liabilities</b>				
Bond and notes subject to fair value hedges	–	1,030	–	1,030
Derivative financial instruments				
Cross currency interest rate swaps	–	354	–	354
Interest rate swaps	–	5	–	5
	<b>–</b>	<b>1,389</b>	<b>–</b>	<b>1,389</b>

### 39. Fair Value of Financial Instruments (cont'd)

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

As at 30 June 2023

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at FVTPL				
Debt securities	12	–	–	12
Equity securities	606	–	474	1,080
Financial assets at FVOCI				
Debt securities	94	–	–	94
Equity securities	618	7	315	940
Derivative financial instruments				
Cross currency interest rate swaps	–	118	–	118
Forward foreign exchange contracts	–	9	–	9
	1,330	134	789	2,253
<b>Financial liabilities</b>				
Bond and notes subject to fair value hedges				
	–	1,620	–	1,620
Derivative financial instruments				
Cross currency interest rate swaps	–	113	–	113
Interest rate swaps	–	14	–	14
	–	1,747	–	1,747

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 year.

#### (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 Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 39. 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 year in the balance of Level 3 fair value measurement is as follows:

	Financial assets measured at		Total
	FVTPL	FVOCI	
Unlisted equity securities			
At 1 July 2022	551	330	881
Purchases	21	–	21
Sales	(10)	–	(10)
Change in fair value recognized in			
– profit or loss	(88)	–	(88)
– other comprehensive income	–	(15)	(15)
At 30 June 2023 and 1 July 2023	474	315	789
Purchases	<b>30</b>	–	<b>30</b>
Change in fair value recognized in			
profit or loss	<b>(64)</b>	–	<b>(64)</b>
At 30 June 2024	<b>440</b>	<b>315</b>	<b>755</b>

### (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.

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt securities	<b>434</b>	<b>439</b>	475	478
Long-term borrowings	<b>115,559</b>	<b>112,733</b>	116,520	113,055

The fair value of debt securities is measured at quoted market prices. The fair value of long-term borrowings 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 that are measured at cost or amortized cost in the Group's financial statements 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.

## 40. Capital Management

The Group's objective for managing capital is to maintain a strong capital base to support the development of its business and to continue to provide returns for shareholders while maintaining a prudent level of financial leverage.

The Group actively reviews and monitors its capital structure on a regular basis to maintain a healthy net debt-to-shareholders' equity ratio. For this purpose the Group defines net debt as total borrowings less bank deposits and cash. Shareholders' equity comprises share capital and reserves attributable to the Company's shareholders as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debt financing or sell assets to reduce debt.

The net debt-to-shareholders' equity ratios at the year end were as follows:

	2024	2023
Bank loans	<b>86,933</b>	86,236
Bonds and notes	<b>40,154</b>	38,817
Total borrowings	<b>127,087</b>	125,053
Less: Bank deposits and cash	<b>(16,221)</b>	(15,280)
Net debt	<b>110,866</b>	109,773
Shareholders' equity	<b>606,717</b>	602,055
Net debt-to-shareholders' equity ratio	<b>18.3%</b>	18.2%

## 41. Approval of the Consolidated Financial Statements

The consolidated financial statements set out on pages 162 to 228 were approved by the board of directors on 5 September 2024.

# Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 30 June 2024 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal subsidiaries were incorporated and are operating in Hong Kong, unlisted and are indirectly held by the Company.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
SUNeVision Holdings Ltd. (Listed in Hong Kong)	2	73.97	Provision of data centre, facilities management and value-added services, installation and maintenance services	233,905,733
SmarTone Telecommunications Holdings Limited (Listed in Hong Kong)	3	73.16	Mobile telephone system operation	110,225,910
Sun Hung Kai Real Estate Agency Limited	6	100	Asset and project management services	1,000,000
New Town (N.T.) Properties Limited	7	100	Investment holding	2,472,515,162
Fidelity Finance Company, Limited	6	100	Finance	200
Honour Finance Company, Limited	6	100	Loan financing	500,000
Sun Hung Kai Properties (Financial Services) Limited	6	100	Finance	100,000
Sun Hung Kai Properties Insurance Limited	6	100	General insurance	75,000,000
Sun Hung Kai Architects and Engineers Limited	6	100	Architectural and engineering	350,000
Sanfield Building Contractors Limited		100	Building construction	90,000,000
Sanfield (Management) Limited		100	Building construction and project management	2
Everlight Engineering Company, Limited		100	Fire prevention and mechanical engineering	5,500,000
Aegis Engineering Company, Limited		100	Plant and machine hire	100,000
Hong Yip Service Company Limited		100	Property and facility management	100,000
Kai Shing Management Services Limited	6	100	Property and facility management	10,000
Mantegna Investment Company Limited	1	100	Property investment	2
		100		(Note 9) 9,999,998
Royaltelle International Limited		100	Hotel operation	2
Access Orient Investments Limited	1	100	Property investment	US\$1
Ace Peace Limited		100	Property investment	1
Additech Ltd.	1	100	Property investment	US\$1
Advance Vision Enterprises Limited		100	Property investment	2
Airport Freight Forwarding Centre Company Limited		100	Freight forwarding centre	100
Annadale Development Limited		100	Property trading and investment	2
Antanpark Limited	1	100	Property investment	US\$1
Antinio Investments Limited	1	100	Property investment	US\$1
Artsland Properties Investment Limited	1	100	Property investment	US\$1
Assured Outcome Limited	1	100	Property investment	US\$1
Barnard Enterprises Limited	1	75	Property investment	US\$100
Beauty Marble Investment Limited		100	Property investment	2
Beijing New Town Plaza Real Estate Co., Ltd.	5c	100	Property investment	US\$9,000,000*
Beijing Sun Dong An Co., Ltd.	5a	100	Property investment	US\$129,000,000*
Best Numbers Limited	1	100	Property investment	US\$1
Best Vision Development Limited		100	Property development	1
Best Winners Limited	1	100	Property investment and hotel operation	US\$1
Biliboss Ltd.	1	100	Property investment	US\$1

<b>Name</b>	<b>Note</b>	<b>Total Attributable Equity Interest Held by the Company (%)</b>	<b>Activities</b>	<b>Issued Share Capital/ Registered Capital* (HK\$)</b>
Bright Strong Limited		100	Property development, trading and investment	2
Buratto Limited	1	100	Property investment	US\$1
Capital Mind Investments Limited	1	100	Property investment	US\$1
Century Opal Limited		100	Property investment and development	1
Channel First Limited		100	Property development, investment and trading	1
Champion Dynasty Investments Limited	1	100	Property investment	US\$1
Charmford Holdings Limited		100	Property trading	1
Cheerlord Investment Ltd.	1	100	Property investment and hotel operation	US\$1
成都忠捷置業有限公司	5b	91	Property development	RMB213,000,000*
Choice Win (H.K.) Limited		100	Property trading and investment	1
City Lion Investment Limited	1	100	Property investment	US\$1
City Success Limited		100	Property development, trading and investment	2
Classic Best Investments Limited	1	100	Property investment	US\$1
Classic Success Investments Limited	1	100	Property investment	US\$1
Connick Limited	1	100	Property investment	US\$1
Crown Opal Investment Limited		64.30	Property trading	1
Crown World Investment Limited		100	Property trading and investment	1
Dictado Company Limited		100	Property investment	200
Digital Chance Investments Limited	1	100	Property investment	US\$1
Dipende Limited	1	100	Property investment	US\$1
Dragon Value Investments Limited	1	100	Property investment	US\$1
Ease Gold Development Limited		100	Property development, trading and investment	2
East Classic Development Limited		100	Property development and investment	1
Easyway Properties Limited		92	Property trading and investment	1
Entero Company Limited	8	100	Property investment	200
Even Decade Limited	1	100	Property investment	US\$1
Ever Channel Limited		100	Property investment	2
Ever Crystal Limited		100	Property investment	1
Ever Fast Limited		100	Property investment	2
Evermax Development Limited		100	Property investment and trading	2
Excellent Chance Limited	1	100	Property investment	US\$1
Fast Commerce Global Limited	1	100	Property investment	US\$1
Fedder Limited		100	Property investment and hotel operation	1
Forever Glory Investments Limited	1	100	Property investment	US\$1
Fortin International Limited	1	100	Property investment and trading	US\$1
Fortune Honor Limited		100	Property investment	2
Fortune Sign Global Limited	1	100	Property investment	US\$1
Fortune Yield Investment Limited		100	Property investment	2
佛山市新普房地產開發有限公司	5c	100	Property development and investment	US\$34,000,000*
東莞創紀房地產開發有限公司	5c	100	Property development	US\$121,000,000*
Full Market Limited		100	Property investment	2
Fu Tong Investment Company Limited	6	100	Property investment	300,000
Garudia Limited		100	Property investment	2

# Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
Gleamland Limited	1	100	Property investment	US\$1
Globaluck Limited		100	Property development	2
Golden Square Properties Enterprises Limited	1	100	Property investment	2
		100		(Note 9) 999,998
Good Assets Limited		100	Property trading	1
Good Faith Properties Limited		92	Property trading and investment holding	1
Goodwick Limited		100	Property trading and investment	1
Great Assets Global Limited	1	100	Property investment	US\$1
Group Allied Limited		100	Property trading and investment	1
Group Channel Limited		100	Property investment	1
廣州南沙區慶盛新鴻基地產發展有限公司	5c	100	Property development and investment	RMB3,000,000,000*
廣州新天房地產發展有限公司	5b	70	Property development	RMB210,503,607.14*
廣州市佳俊房地產開發有限公司	5c	100	Property development	RMB210,000,000*
廣州市新域發展有限公司	5b	100	Business services	RMB7,400,000,000
廣州市南站新鴻基地產投資有限公司	5c	100	Property development and investment	RMB3,700,000,000
廣州市南站新鴻基地產發展有限公司	5c	100	Property development and investment	RMB3,700,000,000
Hambrook Investments Limited	1	100	Property investment	US\$1
Harbour Vantage Limited		100	Property trading	2
Harrison Global Limited	1	100	Property investment	US\$1
Harvest Treasure Limited		92	Property trading	1
Headmaster Assets Limited	1	100	Property investment	US\$1
Hero Town Limited	1	100	Property investment	US\$86,500,001
Herowell Limited		100	Property investment	1
Hintline Investments Limited		100	Property investment and trading	5,000
Hinwood Investment Limited		100	Property investment and trading	1
Hoi Kong Container Services Company Limited		100	Mid stream operator	40,000,000
Honenberg Limited		100	Property investment	2
Hong Kong Business Aviation Centre Limited		35	Business Aviation Centre	1,000,000
Hong Kong Sky Deck Limited		100	Observation deck	1
Hongyi (Shanghai) Corporate Development Co., Ltd.	5c, 13	100	Property investment	US\$214,482,000*
Hung Kai Finance Investment Holding Limited		100	Property investment	200
Incheri Limited	1	100	Hotel operation	US\$1
Jayan Company Limited		100	Property investment and investment holding	2
Jet Group Limited		100	Property trading and investment	1
Joinyield Limited		100	Property trading and investment	1
Jugada Company Limited		100	Property investment	2
Jumbo Pacific Limited		100	Property trading and investment	1
Junie Limited		100	Property trading	2
Joyful Polaris Limited	1	100	Property investment	US\$1
Kamchatka Company Limited		100	Property investment	200
Kamsford Hong Kong Limited		100	Property investment	16,500,000
Kartasun Limited		100	Property investment	2
Kimrose Investments Ltd.	1	100	Property investment	US\$1
Kong Smart Investment Limited		100	Property investment and trading	1
Laboster Company Limited	6	100	Property investment	2
Lanecove Enterprise Limited	1	100	Property investment	US\$1



<b>Name</b>	<b>Note</b>	<b>Total Attributable Equity Interest Held by the Company (%)</b>	<b>Activities</b>	<b>Issued Share Capital/ Registered Capital* (HK\$)</b>
Lee Bit Kai Investment Company Limited	6	100	Property investment	1,000
Leverson Limited	1	100	Property investment and hotel operation	US\$1
Light Time Investments Limited		100	Property development and investment	2
Long Kinetic Limited		100	Property investment and hotel operation	1
Long Tesak Company Limited		100	Property investment	100,000
Lunalite Company Limited		100	Property investment	2
Mainco Limited		100	Property trading	1
Manceton Limited		100	Property investment	2
Market Century Global Limited	1	100	Property investment	US\$1
Market Talent Investments Limited	1	100	Property investment	US\$1
Masston Limited		100	Property investment	1
Maxwear Limited	1	100	Property investment	US\$1
Mighty Choice Assets Limited	1	100	Property investment	US\$1
Mindano Limited		100	Property investment and investment holding	10,000
Morison Limited	1	100	Property investment	US\$1
New Dragon Limited		100	Property development and trading	2
Nixon Cleaning Company Limited		100	Cleaning service	100,000
Obvio Yip Company Limited	6	100	Property investment	15,000,000,000
Opal Lucky Limited		100	Property investment	1
Open Step Limited		60	Property investment	10
Oriental Way Limited		100	Property investment	1
Pacific Earth Enterprise Limited		100	Property trading and investment	1
Pacific Gold Limited		100	Property investment, trading and development	1
Pacific Good Investment Limited		100	Property development, trading and investment	2
Pacotilla Company Limited		100	Property investment	200
Partner Sino Assets Limited	1	100	Property investment	US\$1
Pawling Limited	1	100	Property investment	US\$1
Polarland Limited		100	Property trading	1
Pontamell Limited	1	100	Property investment	US\$1
Potential Area Limited	1	100	Property investment	US\$1
Precise Oceanic Limited	1	100	Property investment	US\$1
Profit Richness Ltd.	1	100	Property investment	US\$1
Progress Success Investments Limited	1	100	Property investment	US\$1
Protasan Limited		100	Property investment	100
Red Stand Investments Limited	1	100	Property investment	US\$1
Riderstrack Development Limited	1	100	Property investment	US\$1
Rinnovare Limited	1	100	Property investment	US\$1
Route 3 (CPS) Company Limited		70	Toll road operation	10,000
Score Best Investments Limited	1	100	Property investment	US\$1
Scott Global Investments Limited	1	100	Property investment	US\$1
Senmark Limited		100	Hotel operation	2
Shanghai Central Plaza Property Co., Ltd.	5a	80	Property investment	US\$42,000,000*
Shanghai International Commerce Centre Co., Ltd.	5c	100	Property development and investment	US\$290,500,000*
Shanghai SHK International Commerce Centre Co., Ltd.	5c	100	Property development and investment	US\$90,000,000*

# Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
Shanghai SHK Weiyi Property Co., Ltd.	5c	100	Property investment	RMB1,200,000,000*
Shanghai Weijing Commercial Operation Management Co., Ltd. (formerly Shanghai SHK Weijing Property Co., Ltd.)	5c	100	Property investment	RMB600,000,000*
Shanghai SHK Weizheng Property Co., Ltd.	5c	100	Property investment	RMB1,220,000,000*
Shanghai SHK Weiwang Property Co., Ltd.	5c	100	Property investment	RMB18,500,000,000*
Shanghai Xin Zhong Hui Property Co., Ltd.	5c	100	Property investment	US\$18,000,000*
Shubbery Company Limited		100	Property investment	200
Shunyue Investments Limited	1	100	Property investment	US\$1
Smithtown Investments Limited	1	100	Property investment	US\$1
Solar Kingdom Limited		100	Property investment	2
Speedway Assets Limited	1	100	Property investment	US\$1
Splendid Sharp Limited		100	Property investment	4
Spring Bliss Investments Limited	1	100	Property investment	US\$1
Standard Top Limited		100	Property investment	2
Starry View Holdings Limited	1	100	Property investment	US\$1
Startrack Company Limited		100	Property investment	200
Success Keep Limited		100	Property development and investment	1
Sun Carol Company Limited		100	Property investment	200
Sun Hung Kai Development (China) Limited		100	Investment holding	20,000,370
Sun Hung Kai Development (Lujiazui II) Ltd.	5c	100	Property investment	US\$61,355,000*
Sun Hung Kai Development (Zhang Yang) Ltd.	5c	100	Property development and investment	US\$165,000,000*
Sun Hung Kai IFC (Nanjing) Co., Ltd.	5c	100	Property investment	RMB721,914,400*
Sun Hung Kai ICC (Suzhou) Co., Ltd.	5b	90	Property development and investment	RMB1,800,000,000*
Sun Hung Kai Properties (Capital Market) Limited	2,6,12	100	Finance	US\$10
Sun Hung Kai Properties Investment (Guangzhou) Limited	5c	100	Investment holding	US\$90,000,000*
Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited		100	Real Estate and general agencies	1
Sun Hung Kai Secretarial Services Limited	6	100	Secretarial services	200
Sun Yuen Long Centre Management Company Limited		100 75	Property investment and management	(Note 10) 25,000 (Note 11) 25,000
Sunfez Company Limited		100	Property investment	200
Sunrit Enterprises Limited		100	Property investment	4,000,000
Super Great Limited		100	Property development and investment	1
Superwick Limited		100	Property trading	1
Tainam Holdings Limited	1	100	Property investment	US\$1
Ten Choice Development Limited		100	Property investment	2
Tenuta Limited	1	100	Property investment	US\$1
Time Bliss Limited	1	100	Property investment	US\$1
Tipro Development Limited		100	Property investment	1,000,000
Tonthai Investment Enterprises Limited	1	100	Property investment	US\$1
Top State Development Limited		100	Property investment and trading	1
Town Descant Company Limited		100	Property investment	200
Transport Infrastructure Management Limited		100	Road management	70,000,000
True Vantage Global Limited	1	100	Property investment	US\$1
Tsi Mai Company Limited		100	Property investment	200

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
Turbo Result Limited	1	100	Property development and investment	US\$1
Tuxedos Company Limited		100	Property investment and trading	200
Uniland Investment Enterprises Limited	1	100	Property investment	US\$1
United Way Investments Limited	4,6	100	Owner of trade mark	US\$1
		100		(Note 9) US\$83,400
Upper Hill Company Limited	1	100	Property investment	US\$1
Vast Earn Property Corp.	1	100	Property investment	US\$2
Wai Hung Development Company Limited	6	100	Investment holding and property investment	70,000
Warrior Company Limited		100	Property investment	300
Wealth Capsule Investments Limited	1	100	Property investment	US\$1
Wealth Power International Enterprise Limited		92	Property investment and trading	1
Well Capital (H.K.) Limited		100	Property development and investment	1
Well Famous Enterprise Limited		100	Property investment	1
Well Logic Properties Investment Limited	1	100	Property investment	US\$1
Wellden Limited		100	Property investment	2
Wetland Park Management Service Limited		100	Property investment	2
Willmax Limited		100	Property investment	2
Wilson Parking (Holdings) Limited		100	Investment holding and carpark operation	1,000
Winbox Investment Limited		100	Property investment and trading	1
Winner Land Enterprises Limited		100	Property investment	2
Winter Ranch Limited	1	100	Property investment	US\$1
Wisecity Development Limited		100	Property trading	2
Wonder Charm Assets Limited	1	100	Property investment	US\$1
YATA Limited		100	Department store operation	30,000,000
Zarabanda Company Limited		100	Property investment	2

- Notes:
- Incorporated in the British Virgin Islands and operating in Hong Kong.
  - Incorporated in the Cayman Islands and operating in Hong Kong.
  - Incorporated in Bermuda and operating in Hong Kong.
  - Incorporated in the British Virgin Islands.
  - Incorporated and operating in the People's Republic of China:
    - Co-operative joint venture enterprise
    - Equity joint venture enterprise
    - Wholly foreign owned enterprise
  - Directly held by the Company.
  - 11.89% directly and 88.11% indirectly held by the Company.
  - 50% directly and 50% indirectly held by the Company.
  - Redeemable share.
  - "A" share.
  - "B" share.
  - At 30 June 2024, the carrying amount of guaranteed notes issued by Sun Hung Kai Properties (Capital Market) Limited is HK\$38,013 million (2023: HK\$36,665 million), which are repayable on various dates up to June 2033 (2023: June 2033) at average effective rate of 2.82% (2023: 2.73%) per annum.
  - At 30 June 2024, the carrying amount of commercial mortgage-backed securities issued by Hongyi (Shanghai) Corporate Development Co., Ltd. is RMB2,000 million (2023: RMB2,000 million), which has a tenor of 18 years from the date of issue up to September 2040 and is redeemable at the option of the issuer or holders at the end of every 3 years from the date of issue. Interest rate is 2.85% per annum and is fixed for every 3 years.

## Principal Joint Ventures

The directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures as at 30 June 2024 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal joint ventures were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
<sup>+</sup> Altomatic Limited		50	Property investment	Ordinary
<sup>#</sup> 華潤新鴻基(杭州)有限公司 (formerly China Resources Sun Hung Kai Properties (Hangzhou) Limited)	5	40	Property investment	Registered capital
<sup>#</sup> China Resources Sun Hung Kai Properties (Wuxi) Limited	5	40	Property development and investment	Registered capital
<sup>#</sup> Dragon Beauty International Limited		50	Property development	Ordinary
Glorious Concrete (BVI) Limited	4	50	Manufacturer of precast and ready mixed concrete	Ordinary
<sup>#</sup> Green Valley Landfill, Limited		20	Landfill waste disposal facility	Ordinary
<sup>#</sup> Guangzhou Fujing Properties Development Co., Ltd.	3	33.33	Property development and investment	Registered capital
<sup>#</sup> 廣州宏城廣場房地產開發有限公司	6	50	Property investment	Registered capital
<sup>#</sup> Hangzhou Runhong Properties Limited	5	40	Property development	Registered capital
IFC Development Limited	1	50	Property investment	Ordinary
Jade Land Resources Limited		25	Property trading and investment	Ordinary
<sup>#</sup> Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited		50	Godown operation	Ordinary
Max Century (H.K) Limited		50	Property investment and development	Ordinary
<sup>+</sup> Newfoundworld Investment Holdings Limited	1	26.67	Investment holding	Ordinary
<sup>#</sup> Orchard Turn Holding Pte. Ltd.	2	50	Investment holding	Ordinary
<sup>+</sup> Ranny Limited		50	Property investment	Ordinary
<sup>#</sup> River Trade Terminal Co. Ltd.	1	50	River trade terminal	Ordinary
<sup>#</sup> Senica International Limited	4	22.50	Investment holding	Ordinary
<sup>#</sup> Shanghai Xintian Real Estate Co., Ltd.	3	35	Property development and investment	Registered capital
Special Concept Development Limited		25	Property investment	Ordinary
<sup>+</sup> Splendid Shing Limited		50	Property investment	Ordinary
<sup>#</sup> Star Play Development Limited		33.33	Property investment	Ordinary
<sup>#</sup> 祥寶投資(成都)有限公司	5	40	Property development and investment	Registered capital
Teamfield Property Limited		57.52	Property investment	Ordinary
<sup>+</sup> Tinyau Company Limited		50	Property investment	Ordinary
<sup>+</sup> Topcycle Development Limited		50	Property development and investment	Ordinary
Vivid Synergy Limited	1	50	Investment holding	Ordinary

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
# Wolver Hollow Company Limited		50	Property investment	Ordinary
+ Xipho Development Company Limited		33.33	Property trading	Ordinary
## 佛山市新升房地產開發有限公司	5	50	Property development	Registered capital
## 佛山市新鋒房地產開發有限公司	5	50	Property development	Registered capital
## 佛山市新晉房地產開發有限公司	5	50	Property development	Registered capital
## 佛山市新駿房地產開發有限公司	5	50	Property development	Registered capital
## 佛山市新昊房地產開發有限公司	5	50	Property development	Registered capital
## 佛山市新匯房地產開發有限公司	5	50	Property development	Registered capital
## 佛山市新景房地產開發有限公司	5	50	Property development	Registered capital
## Hangzhou River East Estates Co., Ltd.	3	45	Property development and investment	Registered capital
## Hangzhou River West Co., Ltd.	3	50	Property development and investment	Registered capital

+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

# *Companies with year ends not coterminous with that of Sun Hung Kai Properties Limited.*

- Notes:
1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
  2. *Incorporated and operating in the Republic of Singapore.*
  3. *Incorporated and operating in the People's Republic of China as equity joint venture enterprise.*
  4. *Incorporated in the British Virgin Islands.*
  5. *Incorporated and operating in the People's Republic of China as wholly foreign owned enterprise.*
  6. *Incorporated and operating in the People's Republic of China as co-operative joint venture enterprise.*

# Principal Associates

The directors are of the opinion that a complete list of the particulars of all associates will be of excessive length and therefore the following list contains only the particulars of associates as at 30 June 2024 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal associates were incorporated and are operating in Hong Kong and unlisted.

<b>Name</b>	<b>Note</b>	<b>Total Attributable Equity Interest Held by the Company (%)</b>	<b>Activities</b>	<b>Class of Share</b>
<sup>#+</sup> Transport International Holdings Limited (Listed in Hong Kong)	1	43.83	Public transportation	Ordinary
<sup>#+</sup> Ranex Investments Limited		29	Property development and investment	Ordinary
<sup>#+</sup> The Hong Kong School of Motoring Limited		30	Driving School	Ordinary
<sup>#+</sup> Onluck Finance Limited		35.44	Finance	Ordinary
<sup>#+</sup> Treasure Peninsula Limited		29	Finance	Ordinary

<sup>+</sup> *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

<sup>#</sup> *Companies with year ends not coterminous with that of Sun Hung Kai Properties Limited.*

Note: 1. *Incorporated in Bermuda and operating in Hong Kong.*

