FINANCIAL REVIEW

Consolidated Results

The overall revenue of Hang Lung Group Limited (the Company) and its subsidiaries (collectively known as "the Group") for the year ended December 31, 2023, decreased by 1% against last year to HK$10,881 million, as the solid leasing performance achieved by our unique positioning, unwavering customer focus, and disciplined execution was adversely affected by the depreciation of the Renminbi ("RMB") and lower contributions from property sales. Revenue from property leasing rose by 2% to HK$10,879 million, and revenue from property sales was HK$2 million (2022: HK$316 million). The overall operating profit increased by 1% to HK$7,794 million.

The underlying net profit attributable to shareholders dropped by 2% to HK$2,931 million due to higher net interest expense, and the underlying earnings per share decreased correspondingly to HK$2.15.

Including a net revaluation loss on properties attributable to shareholders of HK$120 million (2022: net revaluation loss of HK$284 million), the Group reported a net profit attributable to shareholders of HK$2,811 million (2022: HK$2,718 million). The corresponding earnings per share was HK$2.06 (2022: HK$2.00).

Revenue and Operating Profit

	Revenue			Operating Profit/(Loss)		
	2023 HK$ Million	2022 HK$ Million	Change	**2023 HK$ Million**	2022 HK$ Million	Change
Property Leasing	**10,879**	10,625	2%	**7,844**	7,596	3%
Mainland China	**7,399**	7,218	3%	**5,051**	4,886	3%
Hong Kong	**3,480**	3,407	2%	**2,793**	2,710	3%
Property Sales	**2**	316	-99%	**(50)**	87	N/A
Total	**10,881**	10,941	-1%	**7,794**	7,683	1%

Dividend

The Board of Directors has recommended a final dividend of HK65 cents per share for 2023 (2022: HK65 cents) to be paid in cash on June 14, 2024, to shareholders whose names are listed on the register of members on May 10, 2024. Together with an interim dividend of HK21 cents per share (2022: HK21 cents), the full-year dividends for 2023 amounted to HK86 cents per share (2022: HK86 cents).

Property Leasing

During the year ended December 31, 2023, the overall rental revenue increased by 2% to HK$10,879 million. Rental revenue from our Mainland portfolio rose by 7% in RMB terms and 3% in HKD terms after accounting for the RMB depreciation against last year. Our Hong Kong portfolio recorded 2% growth in rental revenue.

On the Mainland, our total tenant sales and rental revenue for the first half of the year grew by 42% and 12%, respectively, after an initial recovery from a low base. The market is now continuing to normalize, with full-year tenant sales and rental revenue rising by 23% and 7%, respectively, in RMB terms against last year. Building on the initial upsurge in the first quarter of

2023, we leveraged HOUSE 66 – our customer relationship management (CRM) program – and launched several promotional events and marketing initiatives throughout the year to solidify our market position and engage loyal customers and new members.

Following the reopening of the border with the Mainland, Hong Kong's business environment is gradually improving; however, the city is experiencing increased competition from other cities and regions in the vicinity. Consequently, we continue to actively optimize our tenant mix and promote our "hello Hang Lung Malls Rewards Program" to boost foot traffic and customer loyalty as Hong Kong evolves in this new environment. As a result, our rental revenue climbed by 2%, and our tenant sales increased by 13% over the previous year.

Mainland China[1]

Property Leasing – Mainland China Portfolio

	Revenue		
	2023 RMB Million	2022 RMB Million	Change
Malls	**4,963**	4,607	8%
Offices	**1,401**	1,361	3%
Residential & Serviced Apartments	**148**	149	-1%
Hotel	**139**	73	90%
Total	**6,651**	6,190	7%
Total in HK$ Million equivalent	**7,399**	7,218	3%

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

Overall rental revenue and operating profit rose by 7% and 8%, respectively. These increases were diluted to 3% in HKD terms due to the depreciation of the RMB. The malls saw a revenue growth of 8% due to improved tenant sales and consumer sentiment. This followed a relatively static performance in 2022, marked by a series of COVID-19-related business disruptions, including mall closures. Our premium office portfolio maintained solid growth and climbed by 3%, mainly driven by higher rentals from our office tower at Plaza 66 in Shanghai and growing occupancy rates at our younger office towers in Kunming and Wuhan. After travel restrictions were relaxed, our hotel operations saw a meaningful and strong recovery, resulting in a notable revenue growth of 90% year-on-year.

Malls

Revenue of our mall portfolio increased by 8%. The revenue of our luxury-positioned malls grew by 9%, while our sub-luxury malls' revenue remained flat compared to last year. Our luxury malls achieved solid growth with the exception of Forum 66 in Shenyang which faced intense competition in the market, ranging from 6% at Grand Gateway 66 in Shanghai to 19% at Olympia 66 in Dalian, as the latter became the city's leading luxury mall. Our sub-luxury malls' revenue continued to improve with higher occupancy rates.

Property Leasing – Mainland China Mall Portfolio

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

Our luxury malls' revenue climbed by 9% during the year. While revenue at Forum 66 in Shenyang decreased by 1%, primarily due to intense competition in the market, revenue from the other luxury malls grew by a range of 6% to 19% across the year. A gradual recovery of occupancy at our sub-luxury malls maintained revenue at a stable level when compared to prior year. After the first phase of the Asset Enhancement Initiative (AEI) was completed at Parc 66 in Jinan, multiple beauty and first-in-town brands opened there in the second half of 2022, resulting in a 4% rise in revenue.

Luxury malls

Our flagship **Plaza 66** mall in Shanghai recorded another excellent year with solid growth in revenue and tenant sales of 10% and 24%, respectively, compared to last year. Our proactive CRM programs and impeccable service elevated customer engagement and provided shoppers with extraordinary experiences. Our annual "HOME TO LUXURY" Party, which took place in November, successfully stimulated tenant sales and deepened customer loyalty. We also improved consumer sentiment and solidified our luxury position with innovative marketing campaigns, such as "Game of Wonder" in April. By the end of the year, the mall continued to be entirely occupied. To enhance our offering at this prime location, we have recently obtained approval from local government to utilize an existing landscape area to build a retail structure, with a gross floor area of approximately 3,000 square meters. The development will provide a more comprehensive shopping experience to our customers and further strengthen our leading position in the city.

Our other mall in Shanghai, **Grand Gateway 66**, which offers an even greater selection of retailers than its flagship sister, saw a revenue growth of 6% year-on-year, with tenant sales rising by 30%. The "Gateway to Inspiration" anniversary celebration, held in October, reinforced the mall's positioning as a regional landmark of lifestyle and retail experiences.

We also hosted an exclusive in-mall event connected with the Chinese premiere of "The Phantom of the Opera" in May, which became the talk of the town and attracted social media buzz and excellent foot traffic. The occupancy rate remained high at 99% at the year-end.

The revenue of **Forum 66** mall in Shenyang reduced by 1% as a result of intense competition in the market. Collaborative marketing campaigns with Conrad Shenyang and Palace 66 in Shenyang generated positive synergy and improved customer experiences. To celebrate our anniversary, we hosted an enthralling circus performance by the world-famous Cirque du Soleil that attracted footfall and media attention. The occupancy rate as of December 2023 dropped by 6 points to 81%.

Center 66, the leading luxury retail mall in Wuxi, enjoyed another record-breaking year, with revenue and tenant sales growing by 12% and 19%, respectively. The opening of several top-tier luxury brands enhanced the mall's reputation as a leading luxury destination. For the third year in a row, our annual three-day "Take Center Stage" event, which occurred in September together with targeted promotions, significantly increased consumption and foot traffic. The occupancy rate remained high at 98% at the end of the year.

Rewarded by its transformation into a regional luxury landmark, **Olympia 66** in Dalian reported year-on-year growth in revenue and tenant sales of 19% and 29%, respectively. Effective marketing initiatives, such as the mall's iconic "Shining Olympia" event in April, continued to boost consumer sentiment and footfall. The occupancy rate as of December 2023 rose by 1 point to 90%.

The revenue and tenant sales of **Spring City 66** mall in Kunming experienced growth of 7% and 8%, respectively, as successful marketing campaigns were rolled out to strengthen customer engagement and leverage the return of tourists to the city. One such event was our anniversary celebration held in November, "Spring into Life". Entering its fourth year of operations, the mall continues to deliver solid base rents with favorable rental reversions and high occupancy rates, which stood at 98% at the end of the year.

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

Sub-luxury malls

Palace 66 in Shenyang saw a 2% decrease in revenue as a result of the low occupancy rate brought on by COVID-19 disruptions at the beginning of the year. During the year under review, we broadened our food and beverage outlets to appeal to a wider range of preferences and enhanced our brand mix to expand our target customer base. Capturing the local government's commitment to capitalize on Zhongjie District's historical legacy and transform it into a placemaking destination, a weekend lineup of events and musical performances was organized for customers from near and far. Tenant sales surged by 44%, and the occupancy rate recovered by 9 points to 90% against the close of December 2022.

Revenue and tenant sales of **Parc 66** in Jinan increased by 4% and 25%, respectively. Following the completion of the first phase of AEI, the mall welcomed multiple beauty and brand stores in the second half of 2022, some of which are exclusive to Parc 66 in the city. The AEI's remaining phases are expected to conclude between late 2024 and early 2025, helping the rejuvenated mall continue to strengthen its long-term competitiveness and profitability. The occupancy rate as of December 2023 rose by 3 points to 93%.

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

Offices

Our office portfolio continued to provide a stable (or dependable) source of growth and income, comprising around 21% of our total Mainland rental revenue. The strong performance of Plaza 66 and growth from our newer office towers in Kunming and Wuhan were the main drivers of the total revenue rise of 3% to RMB1,401 million year-on-year.

Property Leasing – Mainland China Office Portfolio

	Revenue			Year-End Occupancy Rate	
Name of Office and City	**2023 RMB Million**	2022 RMB Million	Change	**2023**	2022
Plaza 66, Shanghai	**668**	639	5%	**96%**	96%
Grand Gateway 66, Shanghai	**240**	251	-4%	**86%**	97%
Forum 66, Shenyang	**126**	130	-3%	**89%**	91%
Center 66, Wuxi	**117**	119	-2%	**85%**	85%
Spring City 66, Kunming	**140**	126	11%	**88%**	88%
Heartland 66, Wuhan	**110**	96	15%	**76%**	73%
Total	**1,401**	1,361	3%		

Our 2 Grade A office towers at **Plaza 66** in Shanghai continued to record satisfactory rental performance during the year, reaching growth of 5%, which we attribute primarily to our solid tenant base, professional management services, and prominent location in the city's traditional central business district. We are also introducing an innovative digital tool to further improve our tenant experiences and service quality. By the end of the year, the occupancy rate remained high at 96%.

Revenue of the office tower at **Grand Gateway 66** in Shanghai recorded a drop of 4%. The occupancy rate decreased to 86% due to overall weak market sentiment.

The office tower at **Forum 66** in Shenyang experienced a 3% decline in revenue. Due to the growing supply of office space and continuing soft demand, the local market conditions remain challenging. The occupancy rate dropped by 2 points to 89% as of December 2023.

Mostly because of low occupancy at the beginning of the year inherited from 2022, the total revenue of the 2 office towers at **Center 66** in Wuxi dropped by 2%. Our high-quality offerings allowed us to keep unit rents at a consistent level all year, however, and the occupancy rate at the end of the year stood at 85%.

Thanks to the superior quality of its facilities and services, our office tower at **Spring City 66** in Kunming enjoyed revenue growth of 11%. The occupancy rate held steady at 88%.

The **Heartland 66** Office Tower in Wuhan recorded a 15% increase in revenue and a three-point increase in occupancy to 76%. The enhanced occupancy rate can be credited to the premium building quality, high specifications, and easily accessible transport network. Since its opening in March 2023, our self-operated multifunctional workspace, HANGOUT, has provided tenants with adaptable spaces and amenities, enhancing the Grade A office tower's competitiveness and market positioning. HANGOUT has already attracted numerous influential corporations, including Fortune 500 pharmaceutical companies and several of China's top 500 insurance companies.

Residential & Serviced Apartments

Revenue from the residential and serviced apartments at Grand Gateway 66 in Shanghai remained steady. Revenue generated by a higher average room rate was offset by a slight decline in the occupancy rate.

Hotel

Encouraged by the rebound of the tourism industry after the relaxation of travel restrictions and the resumption of international travel in early 2023, revenue climbed by 90% year-on-year. Following an increase in business and leisure travel, both our room and food and beverage businesses performed well, with room revenue recording a remarkable 1.1 times growth, while food and beverage achieved 68% growth in revenue.

Hong Kong

Overall, the Hong Kong market recovered well after its borders reopened, and the city gradually adapted to a new normal. In 2023, Hong Kong's economy saw a healthy recovery, particularly in the retail sector.

In addition to various government-organized campaigns, such as "Happy Hong Kong" and "Night Vibes Hong Kong", a number of robust marketing promotions and the launch of the "hello dollar" rewards program in 2023 developed new sales momentum, boosted local consumption, and elevated our customer shopping experiences.

Revenue and operating profit increased by 2% to HK$3,480 million and by 3% to HK$2,793 million, respectively, with a rental margin of 80%.

Property Leasing – Hong Kong Portfolio

	Revenue			Year-End Occupancy Rate	
	2023 HK$ Million	2022 HK$ Million	Change	**2023**	2022
Retail	**2,027**	1,950	4%	**95%**	98%
Offices and Industrial/Office	**1,219**	1,205	1%	**89%**	90%
Residential & Serviced Apartments	**234**	252	-7%	**77%**	73%
Total	**3,480**	3,407	2%		

Retail

Revenue from our Hong Kong retail portfolio grew by 4% to HK$2,027 million. As a result of the ongoing refinement and diversification of our brand mix, the overall occupancy slightly dropped to 95%.

Retail leasing sentiment remained positive, and demand from tourist-oriented trades kept improving. The "hello Hang Lung Malls Rewards Program" and another round of government consumption vouchers, along with several promotional campaigns, helped to boost total tenant sales and sales rent by 13% and 17%, respectively. The food and beverage, jewelry and watches, and personal care and beauty segments saw the biggest increases in these categories.

We observed a notable rise in overall rental growth of 6% from retail properties in our **Central Business and Tourist District Portfolio**. The performance of our retail properties at Mongkok, Causeway Bay, and The Peak benefited from improved inbound tourism. Overall occupancy stayed high at 95%.

Our **Community Mall Portfolio** maintained its strong performance, with overall revenue increasing by 2% from the previous year. The occupancy rate of Kornhill Plaza in Hong Kong East remained high at 98% while the refinement at Amoy Plaza in Kowloon East has led the occupancy rate to 89% as of the reporting date.

Offices and Industrial/Office

Despite a sluggish leasing market that reflected significant economic uncertainty, low demand, and increased availability (due to oversupply and higher vacancies on Hong Kong Island, particularly in Central), our office revenue grew by 1%. Proactive measures were implemented to keep the occupancy rate at a relatively high level of 89%.

Amid the challenging market environment, revenue rose by 1% for our **Hong Kong Island Portfolio**, and the average occupancy rate increased to 84%. The leased spaces at 228 Electric Road, our newest office tower, have been gradually handed over to tenants and began earning revenue from May 2023. If the revenue contribution from 228 Electric Road is excluded, our overall revenue grew by 1% year-on-year.

Revenue from our **Kowloon Portfolio** climbed by 2%, with the occupancy rate rising to 94% due to a more resilient semi-retail positioning of Grand Plaza and Gala Place and medically focused business offerings in Grand Centre.

Residential & Serviced Apartments

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

Property Sales

Revenue of HK$2 million was recognized during the reporting year for the sale of 4 car parking spaces classified under properties for sale following sale completion in May 2023. In 2022, revenue of HK$316 million was recognized for the sale of 1 house on Blue Pool Road following its completion. During the reporting year, an operating loss of HK$50 million was recorded for property sales, consisting primarily of selling expenses for The Aperture in Kowloon Bay and marketing expenses for Grand Hyatt Residences in Kunming, Center Residences in Wuxi, and Heartland Residences in Wuhan.

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

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

Share of Results of Joint Ventures

Our share of results from joint ventures was HK$127 million (2022: HK$153 million) in the year under review. In 2022, we recorded a one-off gain of HK$94 million from our acquisition of additional 6.67% interests in Citygate – the mixed-use commercial complex in Tung Chung, Hong Kong. Following the acquisition, our interests in Citygate increased to 26.67%. No such one-off gain was recorded in 2023.

Property Revaluation

As of December 31, 2023, the total value of our investment properties and those under development amounted to HK$201,068 million, including the mainland China portfolio of HK$137,093 million and the Hong Kong portfolio of HK$63,975 million. These properties were appraised by Savills, an independent valuer, as of December 31, 2023.

A revaluation loss of HK$62 million was recorded (2022: loss of HK$352 million).

The mainland China portfolio recorded a revaluation gain of HK$260 million (2022: loss of HK$108 million), representing less than 1% of the portfolio value.

The Hong Kong portfolio had a revaluation loss of HK$322 million (2022: loss of HK$244 million), representing a less than 1% decrease against the value as of December 31, 2022.

Net revaluation loss after tax and non-controlling interests of HK$120 million was reported (2022: net revaluation loss of HK$284 million).

Property Development and Capital Commitment

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

Mainland China

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

Grand Hyatt Residences Kunming (昆明君悅居) and **Grand Hyatt Kunming** are integral components of the remaining Spring City 66 development. The Residences sit above the hotel and house 254 apartment units, including 3 premium penthouses. Grand Hyatt Kunming features 331 guestrooms and suites. Sales launch for the Residences commenced in October 2023. Completion is scheduled in phases from 2024, and the opening of the Grand Hyatt Kunming is planned for mid-2024.

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

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

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

Hong Kong

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

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

Financing Management

We aim to ensure that financial resources are always available to meet operational needs and developments. We have maintained an appropriate capital structure with multiple financing channels. A sufficient level of standby banking facilities and other debt capital funding is sustained to protect the Group from unexpected market dislocations. All financial risk management, including debt refinancing, foreign exchange exposure, and interest rate volatility, is centrally managed and controlled at the corporate level.

We closely monitor and regularly review our funding needs to allow a fair degree of financial flexibility and liquidity while optimizing the cost of funds. Various sources of debt financing are in place to mitigate concentration risks.

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

As part of our environmental, social and governance (ESG) initiatives, the Group continues to make more use of sustainable finance. During the year, we issued green bonds worth HK$0.4 billion, obtained RMB0.5 billion in green loan facilities, and secured HK$6.3 billion in sustainability-linked loan facilities. These are collectively considered sustainable finance, accounting for 55% of our total debts and available facilities.

Cash Management

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

	At December 31, 2023		At December 31, 2022	
	HK$ Million	% of Total	HK$ Million	% of Total
Denominated in:				
HKD	3,798	60%	2,124	37%
RMB	2,370	37%	3,498	60%
USD	175	3%	163	3%
Total cash and bank balances	**6,343**	100%	5,785	100%

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

Debt Portfolio

At the balance sheet date, total borrowings amounted to HK$50,693 million (December 31, 2022: HK$45,953 million), of which 29% was denominated in RMB to act as a natural hedge to net investments in mainland China.

Our fixed-rate borrowings primarily consist of medium-term notes (MTNs) and bank loans that are converted to fixed-rate through the use of interest rate swaps. The percentage of fixed-rate borrowings decreased to 37% of total borrowings as of December 31, 2023. After excluding the onshore floating-rate debts, the percentage of fixed-rate borrowings would be 50% of the total offshore borrowings as of December 31, 2023 (December 31, 2022: 52%).

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

(i) by currency (after currency swap):

	At December 31, 2023		At December 31, 2022	
	HK$ Million	% of Total	HK$ Million	% of Total
Denominated in:				
HKD	35,909	71%	33,152	72%
RMB	14,784	29%	12,801	28%
Total borrowings	**50,693**	100%	45,953	100%

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

	At December 31, 2023		At December 31, 2022	
	HK$ Million	% of Total	HK$ Million	% of Total
Fixed	18,576	37%	17,376	38%
Floating	32,117	63%	28,577	62%
Total borrowings	**50,693**	100%	45,953	100%

Gearing Ratios

At the reporting date, the net debt balance amounted to HK$44,350 million (December 31, 2022: HK$40,168 million). The net debt to equity ratio was 28.6% (December 31, 2022: 25.9%), and the debt to equity ratio was 32.7% (December 31, 2022: 29.6%). The net debt to equity ratio increase was largely due to capital expenditures in both mainland China and Hong Kong.

Excluding the balances of Hang Lung Properties Limited and its subsidiaries (collectively known as "Hang Lung Properties"), the Company and its other subsidiaries had a net cash balance of HK$1,002 million (December 31, 2022: HK$127 million).

Maturity Profile and Refinancing

At the balance sheet date, the average tenure of our debt portfolio was 3.0 years (December 31, 2022: 3.1 years). The maturity profile was staggered over more than 10 years. Around 63% of our outstanding debts would be repayable after 2 years.

	At December 31, 2023		At December 31, 2022	
	HK$ Million	% of Total	HK$ Million	% of Total
Repayable:				
Within 1 year	**4,434**	9%	4,729	11%
After 1 but within 2 years	**14,091**	28%	8,345	18%
After 2 but within 5 years	**27,768**	55%	27,621	60%
Over 5 years	**4,400**	8%	5,258	11%
Total borrowings	**50,693**	100%	45,953	100%

As of December 31, 2023, total undrawn committed banking facilities amounted to HK$18,567 million (December 31, 2022: HK$24,789 million). The available balances of the US$4 billion (December 31, 2022: US$4 billion) MTN program amounted to US$2,251 million, equivalent to HK$17,584 million (December 31, 2022: HK$18,343 million).

Excluding the balances of Hang Lung Properties, the undrawn committed banking facilities of the Company and its other subsidiaries amounted to HK$2,850 million (December 31, 2022: HK$3,415 million).

Net Finance Costs and Interest Cover

For the year ended December 31, 2023, gross finance costs rose by 29% to HK$1,987 million following the higher average effective cost of borrowing of 4.3% (2022: 3.5%) (attributed to the hike in average interest rates) and the increase in borrowings for capital expenditure.

The net amount charged to the statement of profit or loss (after excluding capitalized amounts) increased to HK$720 million accordingly.

Interest cover for 2023 was 3.8 times (2022: 4.8 times).

Foreign Exchange Management

RMB fluctuations are our principal exchange rate risk. Our exposure is primarily determined by the currency translation risk from our subsidiaries' net assets in mainland China.

We refrain from speculating on the movement of the RMB against the HKD. Considering the cash inflows from local operations and RMB borrowings, we maintain an appropriate level of RMB resources to meet our capital needs in mainland China. We regularly conduct business reviews to assess the funding required for our mainland China projects, guided by regulatory restrictions, project development schedules, and the market environment. Our funding plan is modified to accommodate any changes in circumstances.

As of December 31, 2023, net assets denominated in RMB accounted for approximately 71% of our total net assets. Compared to December 31, 2022, the RMB depreciated against the HKD by 1.4%. An exchange loss of HK$1,693 million (2022: loss of HK$10,320 million) was recognized in other comprehensive income/exchange reserve following the translation of these assets from RMB into HKD at the exchange rate on the reporting date.

Charge of Assets

The Group's assets were not charged to third parties as of December 31, 2023.

Contingent Liabilities

The Group had no material contingent liabilities as of December 31, 2023.