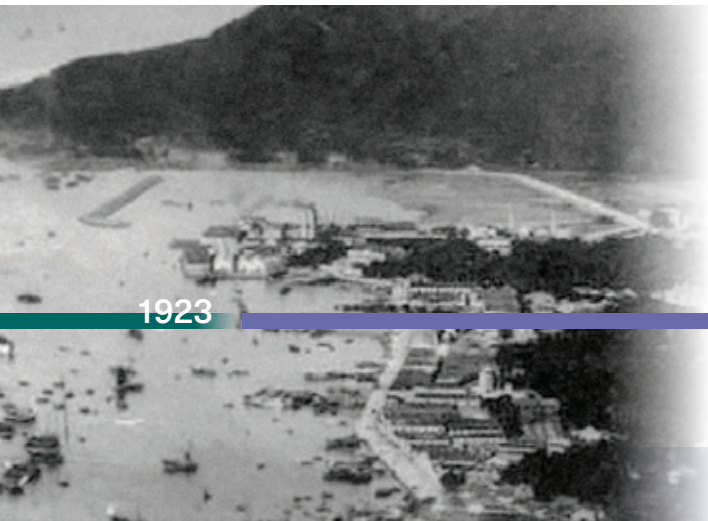


Transforming the Precinct for the Next Century



In 1923, Hysan Development's founding Lee family began developing the now renowned Lee Gardens on a hilltop close to the Victoria Harbour waterfront. This year, we are celebrating the first 100 years of Lee Gardens in Hong Kong's commercial heartland and looking forward to the next 100.

Throughout the years, we have promoted our city's growth, contributing extensively to its development, and made Lee Gardens a popular destination for work and leisure.

As we continue to curate and expand our "Core" in Lee Gardens and invest in our growth "Pillars", a new century will be ushered in for the Company.

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GBA Flex Business



Lee Gardens
Shanghai



Area
Rejuvenation



Lee Gardens Hong Kong

Caroline Hill Road
Project



Connectivity

Community
Business Model

Residential
Development & Sales



Medical & Health



We welcome stakeholders' feedback on this Report. Please share your thoughts at hysan@hysan.com.hk

In an effort to reduce consumption of resources due to printing and distributing hard copies, the Hysan Sustainability Report has been prepared for electronic distribution and is available for public viewing on Hysan Development's website (www.hysan.com.hk). Limited copies are printed and distributed, primarily to our shareholders.

A summary of Sustainability Report 2022 is provided on pages 111 to 112 of this Annual Report.



Scan QR code to read the
Sustainability Report 2022

Chairman's Statement



GLOBAL ECONOMIC, SOCIAL AND POLITICAL UNCERTAINTIES IN 2022

The global economy was full of uncertainties throughout 2022. In large part, this was due to the lingering impact of COVID-19, especially in Mainland China, where restrictions curtailed social and economic activities in major cities whenever the virus was reported. An environment of high energy prices and increasing interest rates prevailed against a backdrop of war and geopolitical tensions. Many countries also had to contend with high inflation and supply chain bottlenecks.

HONG KONG WAS NOT IMMUNE

As a comparatively small and outward-facing economy, Hong Kong was not immune to this external volatility. The impact of COVID-19 on Hong Kong for nearly the past three years has been profound, including significant changes in consumption habits. When the pandemic returned in full force during the first quarter of 2022 (the “fifth wave”), GDP fell by almost 3% from the last quarter of 2021.

BUT THEN THINGS STARTED TO LOOK UP

The moderation of the pandemic and gradual relaxation of the Hong Kong Government's quarantine measures had a positive effect on the economy from the second quarter of 2022 onwards. In the second half of the year, the city began to host major international events again, including the Global Financial Leaders' Investment Summit and the much-anticipated Hong Kong Rugby Sevens. Inbound tour groups were also welcomed, with some conditions attached. Towards the festive season at the end of the year, with far fewer COVID-19 restrictions, holiday shopping crowds also returned.

The reopening of Hong Kong's border with Mainland China in January 2023 is expected to bring tourists and businesses back to our southern city, albeit gradually. In recent surveys, tourists, including Mainland travellers still considered Hong Kong to be one of their top destinations for leisure and for business. We have every reason to believe Hong Kong will continue to be a favoured place to conduct business as one of the world's key financial centres.

During his first Policy Address, Hong Kong's new Chief Executive John Lee provided further positive news for the city in the medium and long term. Mr Lee emphasized the government's determination to improve the city's competitiveness as an attractive place for talent and business. His government has pledged to address social issues in Hong Kong, in particular the need to increase and speed up land supply for residential use. As a global financial and trading centre, Hong Kong's important role in connecting China to the world will be vital. Moreover, the city will also play a significant part as a member of the burgeoning Greater Bay Area.

HYSAN'S APPEAL

As a property owner and operator with a core portfolio in the heart of commercial Hong Kong, Hysan has a solid asset base that contributes strong levels of revenue and liquidity.

The Company takes maximum advantage of the enduring appeal of Hong Kong, to China and to the world. Our iconic Lee Gardens precinct, in the unrivalled location of vibrant Causeway Bay, has become a destination for businesses that set up an office presence there as well as for consumers, both locals and visitors. Hysan's smart community-based business model, and our long-term commitment to green and sustainable growth, attract potential investors and business partners.

The Company's strategic direction reinforces our confidence in the long-term and sustainable development of our core portfolio and our strategy to build supporting investment pillars. Hysan is steered by an experienced board of directors. Operationally, it is run by a skilled and enthusiastic management team.

Looking ahead, we will continue to fine-tune our strategic execution with a focus on financial discipline, risk management and dynamic asset enhancement.

HYSAN'S CORE IN 2022

Hysan's 2022 earnings were affected by the strict quarantine rules put into place in Hong Kong and Mainland China during the fifth wave, as well as by gloomy global economic prospects and geopolitical tensions. Nevertheless, we were able to maintain the occupancy rate in our retail portfolio and, to an extent, our more challenging office portfolio, by extending support to our tenants throughout the worst of COVID-19. In the process, Hysan gained much goodwill from our stakeholders, further enhancing our reputation as a landlord who values partnership with their tenants and views business from a sustainable, long-term perspective.

As restrictions were gradually lifted in the second half of the year, we saw a general recovery in footfall and spending, especially during weekends. Our retail space attracted considerable interest from potential tenants. Pop-up stores were in demand, bringing in new and exciting concepts.

Our office portfolio faced structural headwinds as a result of a change in requirements by international and local businesses for more flexible office arrangements, thus less space, a trend accelerated by COVID-19; as well as an increase in supply. Hysan, however, continues to be an attractive office destination due to our convenient and lively Lee Gardens location which offers an integrated vibrant office and retail environment with an abundance of popular on-site retail offerings. Our extensive range of flex operators has proven to be an important feature for corporates who value the access to flexible space.

TIME FOR REJUVENATION

In our last Annual Report, we mentioned our plan for major enhancements within our core portfolio. This will be our first significant core portfolio-wide upgrade since Lee Garden One was completed in 1997. Hysan will put in place a planned area connectivity system throughout our Lee Gardens buildings, as well as linking Causeway Bay MTR station through to the Caroline Hill Road development. We also have plans to connect car parks with tunnels in the future, in a bid to reduce surface traffic, noise and pollution. With the linkages connecting our even more iconic offerings throughout the portfolio, Lee Gardens will be the premier walkable commercial destination in Hong Kong.

The demand for expansion by our key retail anchor tenants together with our plans to connect our buildings gave us the confidence and impetus to commence this important rejuvenation. This will also complement our own interior upgrades for Lee Garden One and Lee Garden Five. After the refurbishment, this cluster on Hysan Avenue will become an even more exclusive destination for top international brands, where each anchor tenant's store will occupy a space of around 10,000 square feet.

The commencement of the bulk of the rejuvenation project this year will coincide with the 100th anniversary of our founding Lee family's presence in Causeway Bay and the birth of our iconic Lee Gardens brand. By looking ahead and renewing our portfolio, a new century will be ushered in for the Company.

Hysan Place acts as the gateway to the rest of the Lee Gardens core portfolio, while providing a seamless vertical journey linked by a series of exciting destinations. It has been and will remain the trendsetter in our portfolio, with a high level of urban vibrancy that starts with its MTR-connected basement levels. In December 2022, we unveiled the Urban Park on the 4th floor, which is now home to skateboarders and other stylish urbanites in the city centre.

The Caroline Hill Road project started in September 2022 and will become the heart of our green-centric area. The overall project is progressing on schedule for completion in 2026. It will set new standards for premium offices, where state-of-the-art, sustainability-minded amenities will match or exceed the expectations of even the most demanding commercial tenants. There will also be a 60,000 square foot lifestyle park that serves as an urban oasis for the community, highlighted by a valuable, ancient Banyan Tree and other significant historical features that will be preserved.

ON TRACK WITH OUR STRATEGIC DIVERSIFICATION PILLARS

Our strategy to reduce concentration risk and to build new engines of growth will provide flexibility, risk management and at the same time complement and support our core operations. Asset-light investments were generally less affected by COVID-issues, and our pillars have been shown to provide good value for our diversification strategy.

Although the Lee Gardens Shanghai office portfolio was ready for leasing activities in early 2022, the city's COVID outbreak curtailed all activities for several weeks. We started our rental campaign upon the lifting of the restrictions, and the first tenant made its commitment in the fourth quarter of 2022 to move into the building.

Under the leadership of a highly capable management team, New Frontier Group, our healthcare investment, achieved solid financial performance amid a difficult operating environment in 2022.

The co-working industry in China also performed well during COVID, relative to traditional office leasing. We believe flexible requirements and hybrid work modes will continue to drive flex demand. This will benefit our joint venture with IWG in the Greater Bay Area over the medium and long term.

EMBEDDING SUSTAINABILITY FOR THE FUTURE

Our community business model is fundamental to our commitment to sustainability at Hysan. We are committed to inclusivity, diversity, social wellbeing, climate change preparedness and liveability within the communities we serve. Our actions include, rejuvenating our Lee Gardens neighbourhood as well as developing the new Caroline Hill Road project with the highest sustainability standards. To combat climate change, we completed a gap assessment on our carbon net-zero goals and made good progress with our decarbonization strategy.

We continued to provide strong support for the needs of our community. One example is the COVID-19 vaccination centres we set up at Leighton Centre and Caroline Hill during the pandemic's fifth wave, which showed our care and commitment to the community of Hong Kong. The ability to unveil the centres successfully within weeks after the initial proposals showcased public and private partnerships at their best.

Hysan has also contributed to different segments of society through its extensive corporate responsibility programmes. These range from sports (rugby academies) to art (rooftop art pieces celebrating traditional games), and from history (Cantonese Opera with a modern twist) to our support of new cutting-edge technology (manpower for Community Lab cohorts).

OUTLOOK

In the year ahead, the economic uncertainties of today's world look set to continue. The after-effects of the pandemic and geopolitical tensions combined with rising inflation and higher interest rates will remain challenging.

For Hong Kong, the reopening of the border and the resumption of business and social activities will help to revive our city's status as a financial, trading and tourist hub.

Hysan's home base in Causeway Bay, and more specifically in Lee Gardens, has strong appeal to global and local visitors, businesses and investors. With the continuing development of our portfolio and expansion of our core and our pillars, we believe our long-term prospects remain positive.

Lee Irene Yun-Lien

Chairman

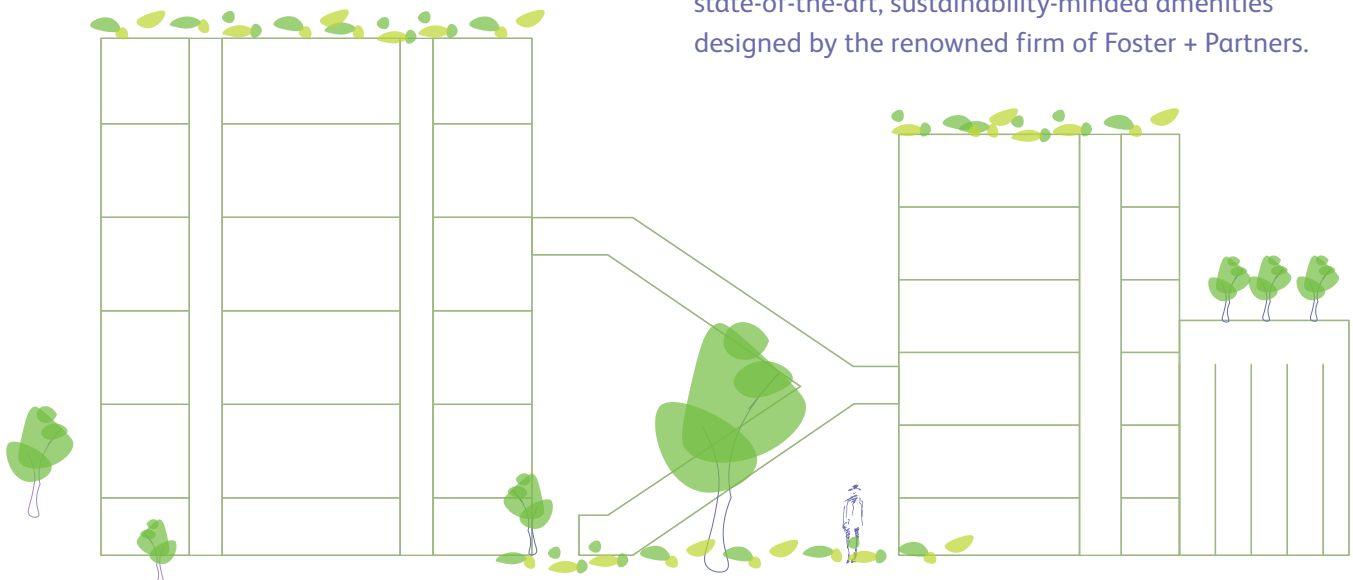
Hong Kong, 17 February 2023

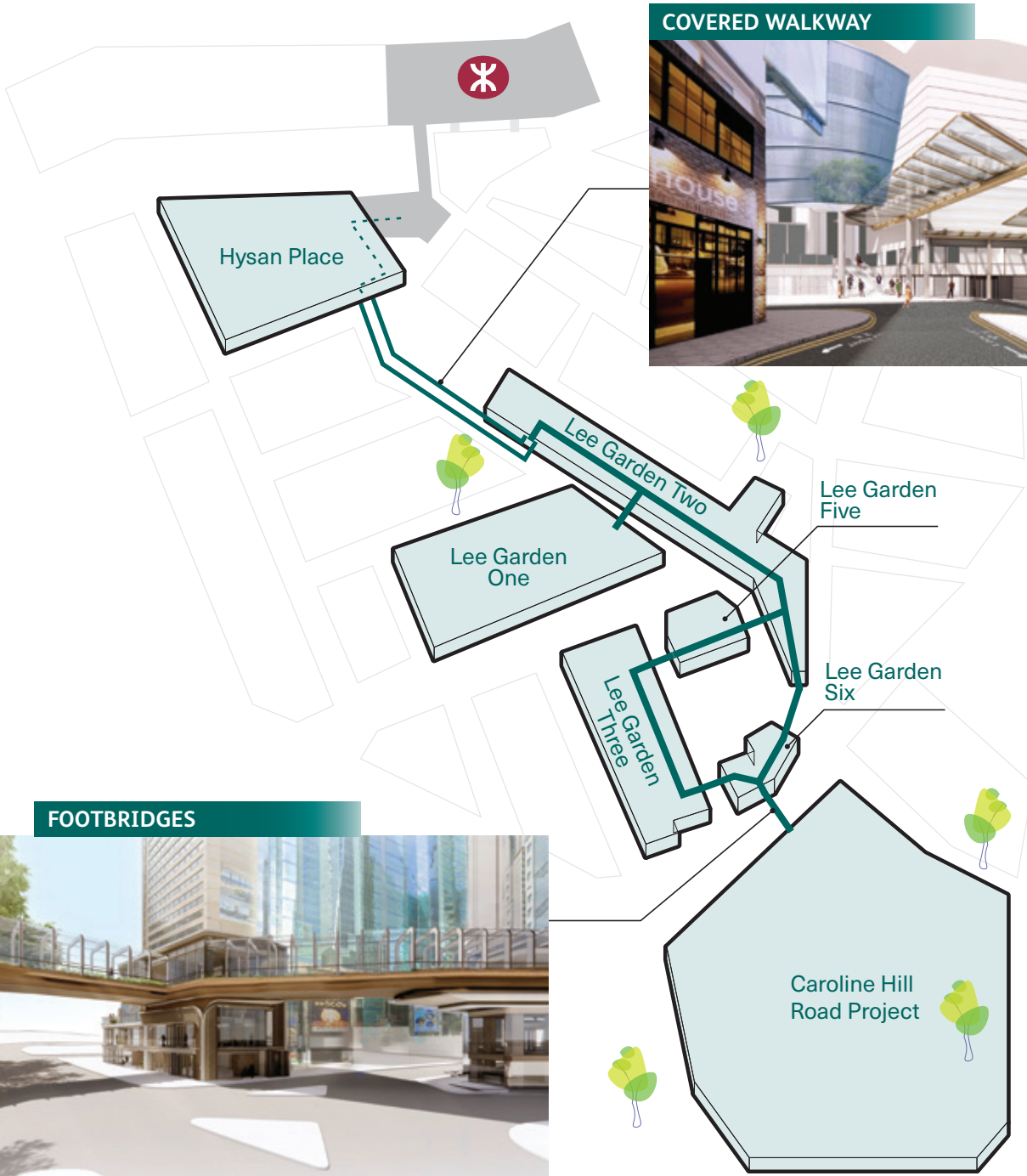
Expanding and Connecting Lee Gardens



Caroline Hill Road Project

The Caroline Hill Road project is a strategic piece in the Lee Gardens puzzle. Hysan plans to develop premium offices with community facilities at this site, creating significant synergies with Hysan's existing Lee Gardens amenities. The project started in September 2022 and is progressing on schedule for completion in 2026. Matching or exceeding the expectations of even the most demanding commercial tenants, these premium offices will be equipped with state-of-the-art, sustainability-minded amenities designed by the renowned firm of Foster + Partners.





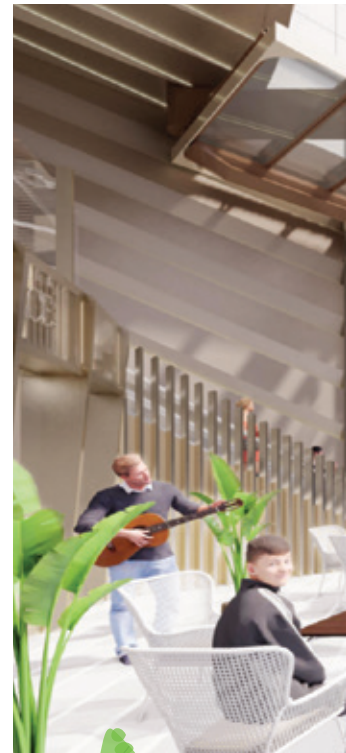
Enhanced Walkability

A new connectivity system is set to transform the landscape of the Lee Gardens area. From Causeway Bay MTR station to the Caroline Hill Road development, this stimulating walking journey will feature cafés, works of art and performance spaces. We also have plans to connect car parks with tunnels that will help to reduce surface traffic, noise and pollution. Once completed, the new connectivity system will make Lee Gardens the premier walkable commercial destination in Hong Kong.

Lee Gardens Rejuvenation

Home of Luxury Flagships

The timing is perfect: the demand for expansion by our key retail anchor tenants together with our plans to connect our buildings gave us the impetus to commence this important rejuvenation project. After the refurbishments are completed, this cluster of buildings on Hysan Avenue will become an even more exclusive destination for top international brands, with anchor stores occupying a total area of more than 50,000 square feet.



The Trendsetter

Hysan Place acts as the gateway to the rest of the Lee Gardens core portfolio, while providing a seamless vertical journey linked by a series of exciting destinations. It has been, and will remain, the trendsetter in our portfolio, with a high level of urban vibrancy that starts with its MTR-connected basement levels.



The Green Centric

The Caroline Hill Road project will become the heart of our green-centric area, setting new standards for premium, sustainability-minded offices. Complementing the offices will be a 60,000 square foot lifestyle park that serves as an urban oasis for the community.

Strategic Pillars

Pillars

We invest in strategic growth pillars that drive geographic diversification and target business opportunities that complement and reinforce our core business. In 2022, our asset-light pillars provided good value for our business strategy, even during the difficult COVID periods.



GBA Flex

Generally resilient with strong demand generated by structural changes in office sector



Lee Gardens Shanghai

Pre-leasing activities resumed after the lifting of COVID-19 restrictions. First tenant committed in Q4 2022

VILLA LUCCA

Growing interest from local and cross-border buyers is anticipated as COVID-19 restrictions are lifted



To Kwa Wan Residential

Hysan's skillsets are being leveraged in the design and operations of the retail portion of the project



New Frontier Investment

Strategic exposure to the growing private healthcare sector in China



Overview

- 14** Key Facts
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Key Facts

Our Portfolio



Hysan's investment portfolio is set predominantly in Lee Gardens, a unique part of Hong Kong's renowned commercial heart in Causeway Bay.

Within our approximately 4.5 million square feet of retail, office and residential tenant space, we strive to become partners with our tenants and create a sustainable ecosystem. Our medium-to-long term strategy involves the continued refinement and expansion of our "Core" in Lee Gardens, as well as investment in growth "Pillars" which will deliver a more balanced and diversified portfolio for Hysan.

VISION

To be the premier property company in its market of choice.

MISSION

Provide our stakeholders with sustainable and outstanding returns from a property portfolio which is strategically planned and managed by passionate, responsible and forward-looking professionals.

VALUES

L E E G A R D E N S
E X M O C E R N E U
A C P O C S I T T S
D E O D O P V R W T
E L W U E I E O A
R L E C N C N P R I
S E R I T T G R K N
H N M T A / E I A
I C E I B D N N B
P E N Z I R E G I
T E L I U L
N I V R I
S T E S T
H Y N H Y
I I
P P

Value Creation

FINANCIAL ACHIEVEMENTS:

- Steady and progressive total return
- Strong balance sheet

Active Management

Curate a balanced office and retail portfolio with a diversified group of tenants, with our long-term partnerships with tenants serving us well in challenging times

Financial Achievements

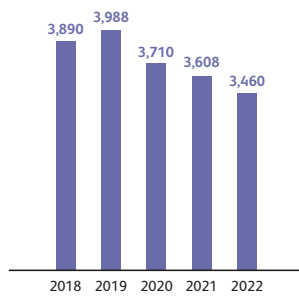
Maintain resilience and strength in the face of adversity

Dividends

Provide steady returns

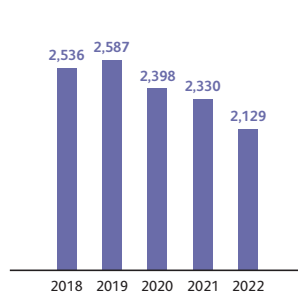
Turnover

2018-2022 (HK\$ million)



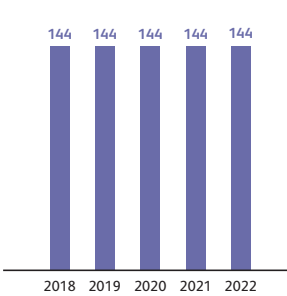
Underlying Profit

2018-2022 (HK\$ million)



Dividends per Share

2018-2022 (HK cents)



SUPPORTED BY STRONG UNDERLYING NON-FINANCIAL ACHIEVEMENTS:

Environment

Minimize our impact on the environment, and achieve higher efficiency at the same time

Community

Make positive contributions to communities where we operate

Employees

Create a working environment where talent can thrive

Governance

Strong governance is the heart of long-term sustainable performance

Our Assets

HYSAN PLACE OFFICE AND RETAIL

Greenest commercial building and trendiest shopping centre in town

Completed in 2012

Approx. Gross Floor Area	Number of Floors	Parking Spaces
716,000 ft²	40	66

LEE THEATRE PLAZA RETAIL ONLY

One of Hong Kong's best-loved shopping and dining complexes

Completed in 1994 | Lower zone renovated in 2013

Approx. Gross Floor Area	Number of Floors
314,000 ft²	26

LEIGHTON CENTRE OFFICE AND RETAIL

Popular office complex amongst sports and lifestyle shops

Completed in 1977 | Renovated in 2011

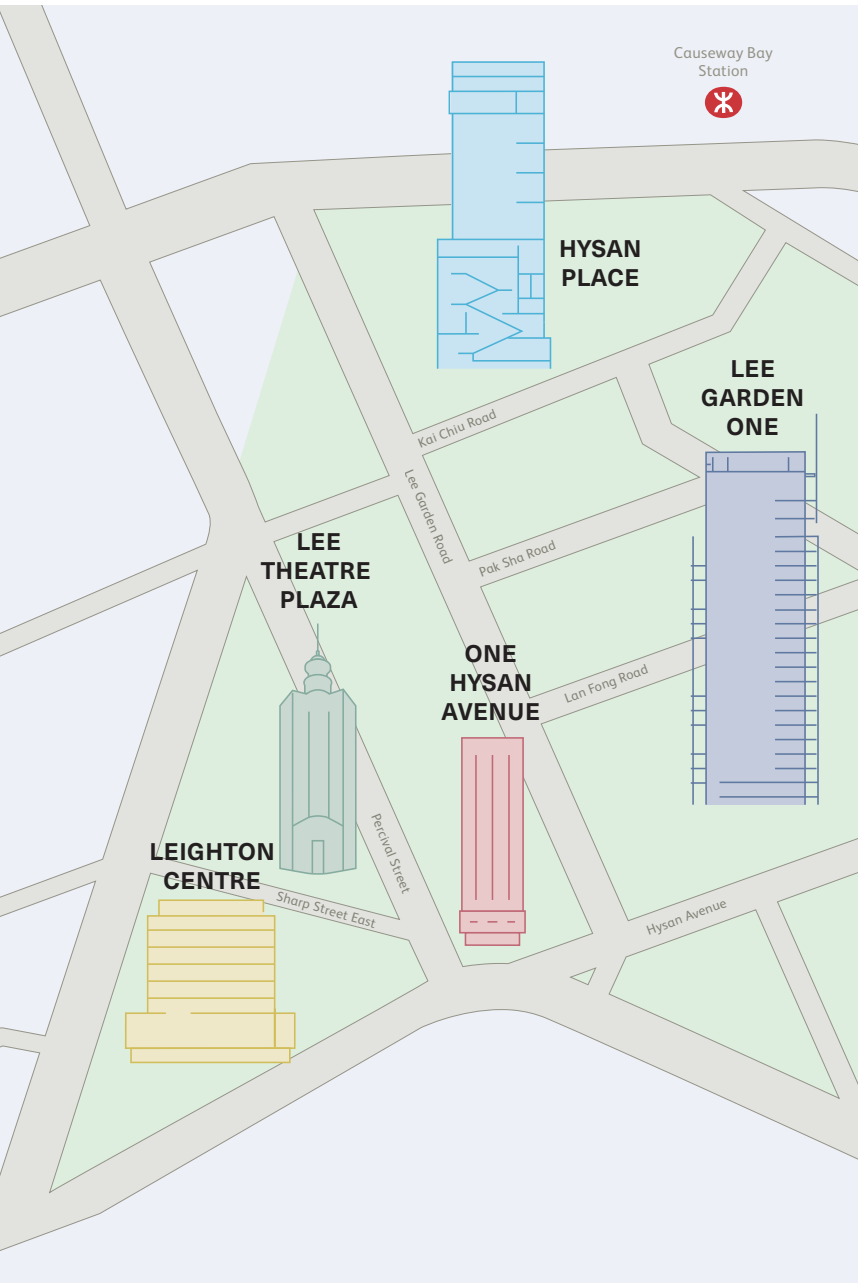
Approx. Gross Floor Area	Number of Floors	Parking Spaces
430,000 ft²	28	321

ONE HYSAN AVENUE OFFICE AND RETAIL

Efficient office and retail complex in prime site

Completed in 1976 | Renovated in 2011

Approx. Gross Floor Area	Number of Floors
169,000 ft²	26



SHANGHAI

LEE GARDENS SHANGHAI OFFICE AND RETAIL

Grade A commercial complex in one of the world's most vibrant cities

Acquired in 2022

Approx. Gross Floor Area	Number of Floors
736,000 ft²	24

LEE GARDEN ONE OFFICE AND RETAIL

Home to international corporations and premium brands

Completed in 1997

Approx. Gross Floor Area	Number of Floors	Parking Spaces
903,000 ft²	53	200

LEE GARDEN TWO OFFICE AND RETAIL

Spacious offices and home to children's concept floors

Completed in 1992 | Retail podium renovated in 2019

Approx. Gross Floor Area	Number of Floors	Parking Spaces
621,000 ft²	34	167

LEE GARDEN THREE OFFICE AND RETAIL

Newest commercial address in Lee Gardens

Completed in 2017

Approx. Gross Floor Area	Number of Floors	Parking Spaces
467,000 ft²	32	201

LEE GARDEN FIVE OFFICE AND RETAIL

An office and retail complex in one of Hong Kong's most prestigious commercial areas

Completed in 1989 | Renovated in 2009

Approx. Gross Floor Area	Number of Floors
132,000 ft²	25

LEE GARDEN SIX OFFICE AND RETAIL

Convenient office and retail location

Completed in 1988 | Renovated in 2004

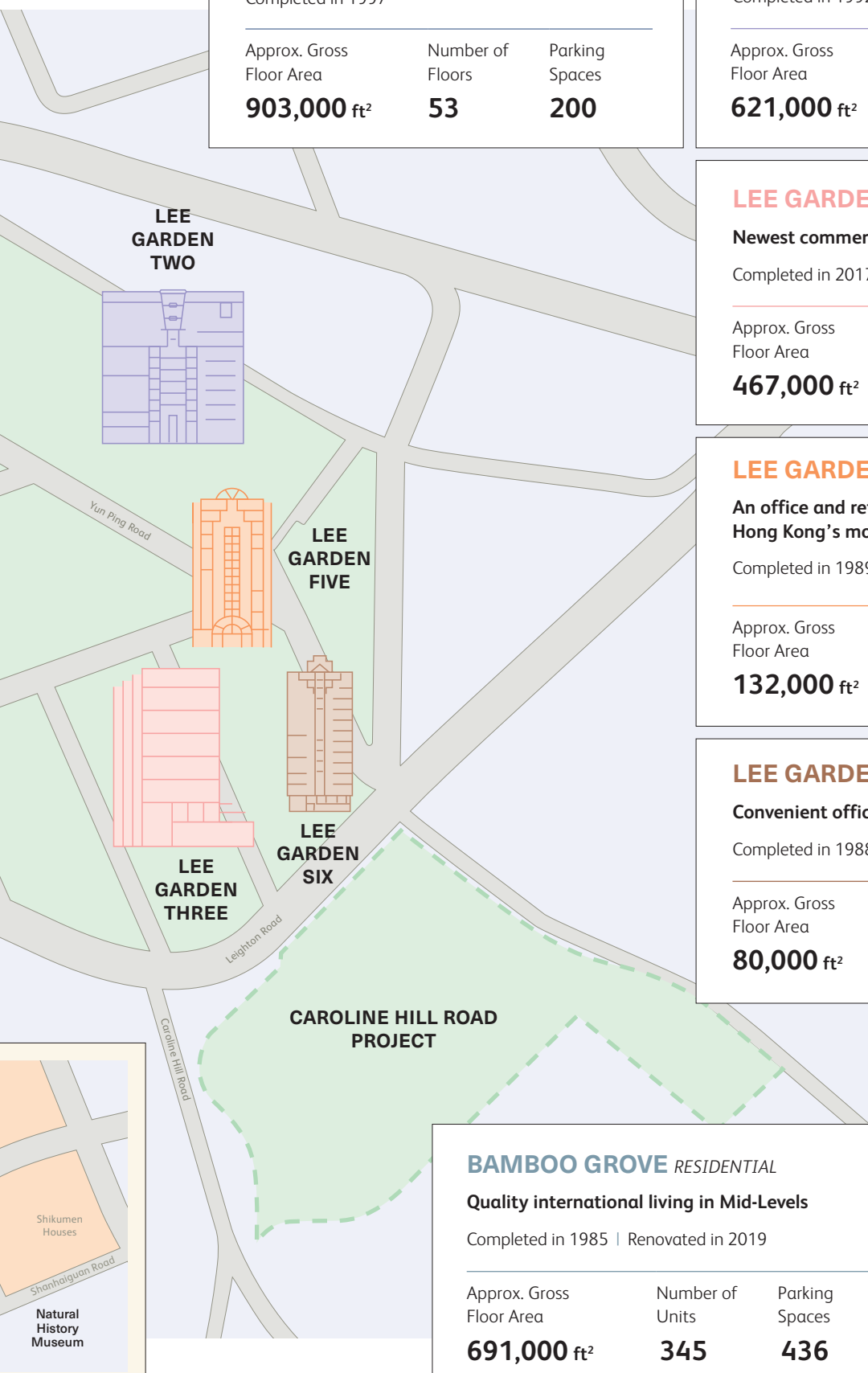
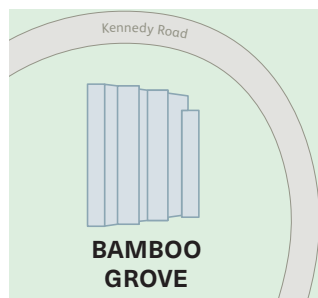
Approx. Gross Floor Area	Number of Floors
80,000 ft²	24

BAMBOO GROVE RESIDENTIAL

Quality international living in Mid-Levels

Completed in 1985 | Renovated in 2019

Approx. Gross Floor Area	Number of Units	Parking Spaces
691,000 ft²	345	436



2022 Performance at a Glance

Environmental, Social and Governance Recognitions



G R E S B
★★★★☆ 2022

Rated "A" for public disclosure
for the fourth year running



Hang Seng Corporate
Sustainability Index
Series Member 2022-2023



CCC B BB BBB A AA AAA



Rated "Low Risk" in
Sustainalytics ESG Risk Rating



FTSE4Good

Constituent member of the
FTSE4GOOD Index Series

Hong Kong Quality Assurance Agency's Hong Kong Green and Sustainable Finance Awards 2022

- Outstanding Award for Green and Sustainable Loan Issuer (Real Estate Industry) – Visionary Green Loan Framework
- Pioneering Organisation in ESG Disclosure Enhancement

Hong Kong Institute of Certified Public Accountants' Best Corporate Governance And ESG Awards 2022

- Special Mention for Corporate Governance – Non-Hang Seng Index (Medium Market Capitalisation) Category

Hong Kong Management Association's 2022 Best Annual Reports Awards

- Excellence Award in Environmental, Social and Governance Reporting

Hong Kong Investor Relations Association's 8th Investor Relations Awards 2022

- Grand ESG Award
- Best ESG (E)
- Best ESG (S)
- Best ESG (G)

The Hong Kong Council of Social Service

- The Outstanding Partnership Project Award – Hysan Urban Farm

Greater Bay Area ("GBA") Carbon Neutrality Association's GBA Low Carbon Buildings Top 100 Award

- Hysan Place and Lee Garden Three

Hong Kong Management Association's Hong Kong Sustainability Award 2022

- Merit Award (Large-sized Organizations Category)

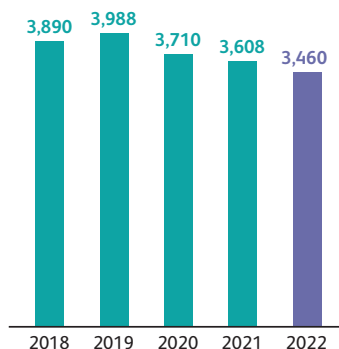
Green Council's UNSDG Achievement Awards 2022 Hong Kong

- Gold (Organisation Awards)

Financial Performance

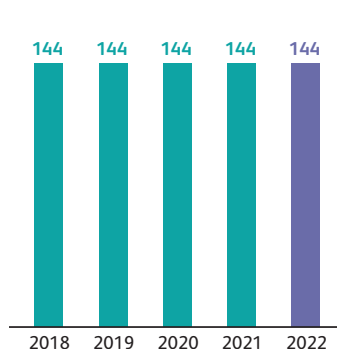
Turnover

HK\$3,460m
↓ 4.1%



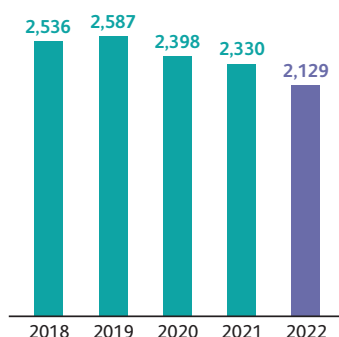
Dividends per Share

HK144 cents



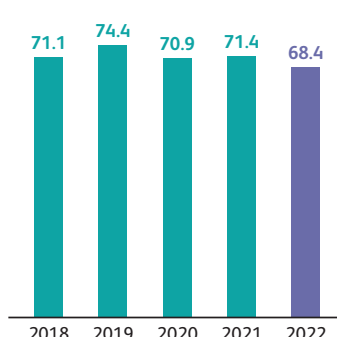
Underlying Profit

HK\$2,129m
↓ 8.6%



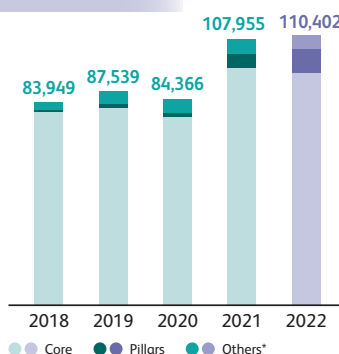
Net Asset Value per Share

HK\$68.4
↓ 4.2%



Total asset (exclude cash and debt securities)

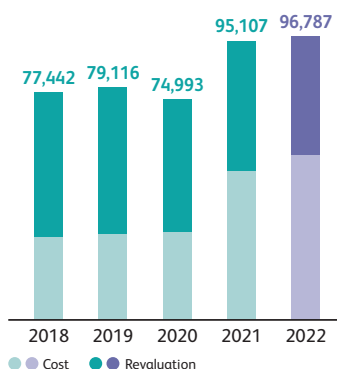
HK\$110,402m
↑ 2.3%



● Core ● Pillars ● Others*

Property Value

HK\$96,787m
↑ 1.8%



● Cost ● Revaluation

* Others mainly represent investment in Shanghai Grand Gateway 66

Financial Prudence

Net Interest Coverage

(After Interest Capitalization) (Note 1)

13.1 times

(2021: 9.1 times)

Net Interest Coverage

(Before Interest Capitalization) (Note 2)

3.9 times

(2021: 5.3 times)

Net Debt to Equity (Note 3)

23.4%

(2021: 11.7%)

Effective Interest Rate

2.8%

(2021: 2.9%)

Average Debt Maturity

4.8 years

(2021: 6.1 years)

Fixed Rate Debt

61%

(2021: 75%)

Capital Market Issuances

61%

(2021: 92%)

Credit Ratings

Moody's: **Baa1**

Fitch: **A-**

Notes:

1. Net Interest Coverage (after interest capitalization) is defined as: "Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss"
2. Net Interest Coverage (before interest capitalization) is defined as: "Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss plus interest expenses capitalized"
3. Net Debt to Equity is defined as borrowings less time deposits, cash and cash equivalents divided by total equity

Financial Review Summary

1. Turnover

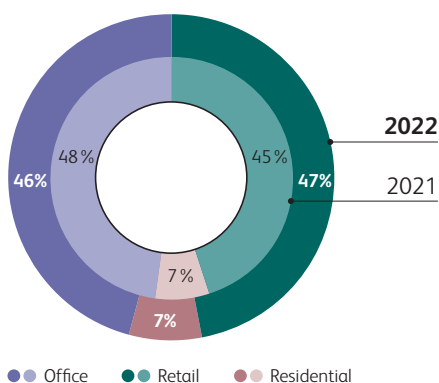
HK\$ million	2022	2021	Change
Office	1,578	1,728	-8.7%
Retail	1,643	1,620	1.4%
Residential	239	260	-8.1%
	3,460	3,608	-4.1%

- Office: Hong Kong's office market remained weak, with a city-wide vacancy rate of more than 12% as at the end of 2022. There was limited new demand for office space and an abundance of supply throughout the year. Global economic uncertainties, interest rate hikes and COVID-19 related travel restrictions were among the factors suppressing demand. Looking ahead, the relaxing of restrictions and the re-opening of the border with Mainland China will generally benefit the market.
- Retail: After a weak first quarter followed by a stronger summer, Hong Kong retail sales saw a slight upward trend towards the end of 2022. Overall consumption demand was supported by a generally stable pandemic situation and a strong labour market. However, these positives were offset by a weakening wealth effect from residential property assets and the stock market.
- Residential: The luxury residential leasing market remained quiet in 2022 due to macroeconomic conditions and travel restrictions, dampening demand from the expatriate population. Hysan offered rental agents enhanced incentives to help attract more interest in its Bamboo Grove units in Mid-Levels.

Details of the operating performances of the group's individual operations are set out on pages 26 to 28 of the Review of Operations.

Occupancy	2022	2021
Office	90%	94%
Retail	99%	99%
Residential	61%	71%

Revenue by sector



Consolidated Statement of profit or loss for the year ended 31.12.2022

	HK\$ million
1 Turnover	3,460
Operating cost	(899)
Net margin	2,561
Investment income	248
Other losses	(2)
Finance costs	(423)
2 Change in fair value of investment properties	(3,213)
3 Share of results of associates	274
3 Share of results of joint ventures	(52)
Loss before taxation	(607)
Taxation	(342)
Loss for the year	(949)
Attributable to perpetual capital securities holders and other non-controlling interests	(208)
Loss attributable to shareholders	(1,157)

Underlying profit attributable to shareholders for the year ended 31.12.2022

	HK\$ million
Loss attributable to shareholders	(1,157)
Non-operating items	3,286
4 Underlying profit	2,129

Consolidated Statement of Cash Flows for the year ended 31.12.2022

	HK\$ million
Net margin	2,561
Changes in other working capital	(2)
Depreciation of property, plan and equipment	32
Cash generated from operations	2,591
Net investment and advance to joint ventures and other financial investments	(2,530)
Net borrowings	5,516
Issuance of perpetual capital securities, net of distribution and transaction costs	(857)
Bank deposits	(3,100)
Interest and taxation	(833)
Dividends paid	(1,593)
Considerations for share repurchases	(162)
Acquisition of investment properties and other capital expenditure	(3,081)
Net cash outflow	(4,049)
Time deposits, cash and cash equivalents	8,404
Less: Time deposits maturing more than 3 months	(1,866)
Cash and cash equivalents at 1.1.2022	6,538
Effect of foreign exchange rate changes	71
Cash and cash equivalents at 31.12.2022*	2,560
*Representing:	
Time deposits, cash and cash equivalents	7,771
Time deposits maturing more than 3 months	(5,211)
	2,560

Consolidated Statement of Financial Position at 31.12.2022

	HK\$ million
Net Assets	
2 Investment properties	96,787
Other long-term investments	11,494
Time deposits, cash and cash equivalents	7,771
Other assets	3,113
Total assets	119,165
Borrowings	(27,277)
Taxation	(1,203)
Other liabilities	(7,274)
	83,411
Capital and reserves	
Share capital	7,723
Retained Profits	62,097
Other reserves	13,591
	83,411

Consolidated Statement of Financial Position at 1.1.2022

	HK\$ million
Net Assets	
2 Investment properties	95,107
Other long-term investment	9,516
Time deposits, cash and cash equivalents	8,404
Other assets	4,346
Total assets	117,373
Borrowings	(18,657)
Taxation	(1,091)
Other liabilities	(9,740)
	87,885
Capital and reserves	
Share capital	7,723
Retained Profits	64,873
Other reserves	15,289
	87,885

Consolidated Retained Profits for the year ended 31.12.2022

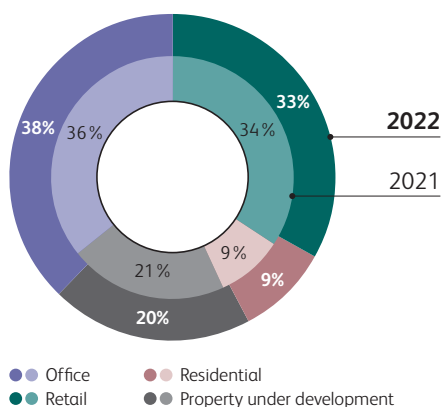
	HK\$ million
Retained profits at 1.1.2022	64,873
Loss attributable to shareholders	(1,157)
Repurchase of own shares	(162)
Dividends paid during the year	(1,486)
Other reserve movement	29
Retained profits at 31.12.2022	62,097

2. Investment properties

HK\$ million	2022	2021	Change
Office	36,906	34,707	6.3%
Retail	31,517	31,868	-1.1%
Residential	8,724	8,712	0.1%
Property under development	19,640	19,820	-0.9%
	96,787	95,107	1.8%

The investment properties valuation was carried out by Knight Frank Petty Limited, an independent professional valuer, on the basis of market value. A fair value loss on investment properties (after considering capital expenditure spent on the Group's investment properties) of HK\$3,213 million (2021: fair value loss of HK\$720 million) was recognized in the Group's consolidated statement of profit or loss for the year. The loss mainly reflects heightened market risk in a challenged retail sector, coupled with an office sector weakened by continued global economic uncertainty.

Investment properties by portfolio



3. Share of results of associates and joint ventures

The Group's investments in associates are primarily represented by its interest in Grand Gateway 66, a retail, office and residential complex in Shanghai, China. The share of results of associates decreased to HK\$274 million (2021: HK\$458 million), mainly due to the Group's share of the revaluation gain (net of deferred tax) amounting to HK\$11 million (2021: revaluation gain of HK\$172 million).

The Group's investment in joint ventures comprises interests in a Tai Po residential project, To Kwa Wan residential project and the IWG Flex business.

4. Underlying profit

Underlying Profit decreased year-on-year by 8.6%. Details of the reconciliation from reported profit to underlying profit are set out on pages 24 to 25 of the Review of Results.