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

(Incorporated in Hong Kong with limited liability)
(Stock Code: 16)

2022 / 23 Interim Results

CHAIRMAN'S STATEMENT

I am pleased to present my report to the shareholders.

RESULTS

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

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

DIVIDEND

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

BUSINESS REVIEW

Development Profit and Rental Income

Development Profit

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

Rental Income

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

Property Business – Hong Kong

Land Bank

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

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

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

Property Development

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

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

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

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

Property Investment

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

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

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

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

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

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

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

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

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

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

Property Business – Mainland

Land Bank

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

Property Development

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

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

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

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

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

Property Investment

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

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

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

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

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

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

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

Other Businesses

Hotels

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

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

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

Telecommunications and Information Technology

SmarTone

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

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

SUNeVision

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

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

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

Infrastructure and Other Businesses

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

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

Corporate Finance

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

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

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

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

Corporate Governance

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

The Group has a set of well-established mechanisms in place to ensure sound and effective corporate governance practices. The Board of Directors oversees the Group's overall strategies, inclusive of sustainability and climate-related policies and initiatives. During the period under review, three new Executive Directors, including one female member, were appointed to the Board in order to meet the Group's development needs, enhance Board diversity in terms of expertise, experience and gender, and bring Board refreshment. The Board delegates specific roles and responsibilities to four Board Committees and a crisis management taskforce. The

Executive Committee, comprising all Executive Directors and three senior executives, formulates business policies and makes decisions on key business issues. There is a strong independent element on the Board with eight Independent Non-Executive Directors (INED), representing 40% of the Board. In addition, the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee are all chaired by INEDs, with a majority of their members being INEDs.

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

Sustainable Development

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

Environment

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

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

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

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

Social

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

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

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

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

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

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

PROSPECTS

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

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

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

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

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

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

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

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

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

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

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

APPRECIATION

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

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 23 February 2023

ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following unaudited consolidated figures of the Group for the six months ended 31 December 2022 with comparative figures for 2021:-

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

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

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

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

Consolidated Statement of Financial Position
As at 31 December 2022
(Expressed in millions of Hong Kong dollars)

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

1. Basis of Preparation

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

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

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

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

(Expressed in millions of Hong Kong dollars)

2. Segment Information

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

(a) Segment revenue and results

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

For the six months ended 31 December 2022

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

(Expressed in millions of Hong Kong dollars)

For the six months ended 31 December 2021

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

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

(Expressed in millions of Hong Kong dollars)

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

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

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

(b) Geographical information

An analysis of the Group's revenue by geographical area of principal markets is as follows:

	Six months ended 31 December	
	2022	2021
Hong Kong	**22,683**	36,435
Mainland	**4,580**	3,458
Others	**165**	260
	27,428	40,153

3. Net Finance Costs

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

(Expressed in millions of Hong Kong dollars)

4. Profit before Taxation

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

(Expressed in millions of Hong Kong dollars)

5. Taxation

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

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

6. Earnings per Share

(a) Reported earnings per share

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

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

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

(Expressed in millions of Hong Kong dollars)

(b) Underlying earnings per share

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

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

(Expressed in millions of Hong Kong dollars)

7. Dividends

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

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

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

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

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

8. Investment Properties

(a) Movement during the period

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

(Expressed in millions of Hong Kong dollars)

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

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

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

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

	Fair value		**Weighted average capitalization rate**	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
Completed				
Hong Kong	**257,481**	257,947	**5.1%**	5.1%
Mainland	**78,237**	71,609	**6.5%**	6.6%
	335,718	329,556		

	Fair value (residual method)		**Capitalization rate**	
	31 December 2022	30 June 2022	**31 December 2022**	30 June 2022
Under development				
Hong Kong	**29,587**	27,308	**3.0%-5.5%**	3.0%-5.5%
Mainland	**33,763**	41,865	**5.0%-8.8%**	5.0%-8.8%
	63,350	69,173		

9. Trade and Other Receivables

Included in trade and other receivables of the Group are trade receivables of HK$3,981 million (30 June 2022: HK$8,744 million), of which 63% are aged less than 30 days, 18% between 31 to 60 days, 7% between 61 to 90 days and 12% more than 90 days (30 June 2022: 83%, 8%, 4% and 5% respectively).

10. Trade and Other Payables

Included in trade and other payables of the Group are trade payables of HK$3,306 million (30 June 2022: HK$3,237 million), of which 62% are aged less than 30 days, 10% between 31 to 60 days, 3% between 61 to 90 days and 25% more than 90 days (30 June 2022: 65%, 7%, 5% and 23% respectively).

FINANCIAL REVIEW

Review of Results for the First Half of FY2022/23

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Investment Property Revaluation Gain/Loss</u>

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

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

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

Financial Management

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

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

Gearing Ratio

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

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

Finance Costs and Interest Cover

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

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

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

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

Debt Maturity Profile and Composition

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

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

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

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

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

(i) By currency (after currency swap)

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

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

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

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

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

Financial Resources

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

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

Foreign Exchange Rate Risk Management

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

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

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

Derivative Instruments

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

Bank Deposits and Cash

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

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

Charges of Assets

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

Contingent Liabilities

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

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

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

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2022 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements will be set out in the 2022/23 interim report. The interim results have also been reviewed by the Audit and Risk Management Committee of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

INTERIM REPORT

The 2022/23 interim report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.shkp.com, and printed copies will be sent to the Shareholders before the end of March 2023.

By order of the Board
YUNG Sheung-tat, Sandy
Company Secretary

Hong Kong, 23 February 2023

As at the date hereof, the Board comprises ten Executive Directors, being KWOK Ping-luen, Raymond (Chairman and Managing Director)(KWOK Ho-lai, Edward being his Alternate 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 and CHAN Hong-ki, Robert; two Non-Executive Directors, being KWAN Cheuk-yin, William and KWOK Kai-chun, Geoffrey; and eight Independent Non-Executive Directors, being 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 and WU Xiang-dong.