恒隆地產
HANG LUNG PROPERTIES

恒隆地產有限公司

HANG LUNG PROPERTIES LIMITED

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

2023 INTERIM RESULTS

恒隆地產
HANG LUNG PROPERTIES

CONTENTS

FINANCIAL HIGHLIGHTS

in HK$ Million (unless otherwise stated)

RESULTS

For the six months ended June 30

	2023			2022		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue	**5,237**	**-**	**5,237**	4,986	316	5,302
- Mainland China	**3,554**	**-**	**3,554**	3,367	-	3,367
- Hong Kong	**1,683**	**-**	**1,683**	1,619	316	1,935
Operating profit/(loss)	**3,858**	**(34)**	**3,824**	3,575	133	3,708
- Mainland China	**2,483**	**(20)**	**2,463**	2,269	(19)	2,250
- Hong Kong	**1,375**	**(14)**	**1,361**	1,306	152	1,458
Underlying net profit/(loss) attributable to shareholders	**2,246**	**(21)**	**2,225**	2,109	108	2,217
Net increase/(decrease) in fair value of properties attributable to shareholders	**169**	**-**	**169**	(269)	-	(269)
Net profit/(loss) attributable to shareholders	**2,415**	**(21)**	**2,394**	1,840	108	1,948

	At June 30, 2023	At December 31, 2022
Shareholders' equity	**130,073**	133,381
Net assets attributable to shareholders per share (HK$)	**$28.9**	$29.6

Earnings and Dividend (HK$)

	2023	2022
Earnings per share		
- Based on underlying net profit attributable to shareholders	**$0.49**	$0.49
- Based on net profit attributable to shareholders	**$0.53**	$0.43
Interim dividend per share	**$0.18**	$0.18

Financial Ratios

	At June 30, 2023	At December 31, 2022
Net debt to equity ratio	**30.4%**	28.1%
Debt to equity ratio	**33.7%**	31.8%

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

The total revenue of Hang Lung Properties Limited (the Company) and its subsidiaries (collectively known as "Hang Lung Properties") for the six months ended June 30, 2023 was HK$5,237 million, 1% lower than the same period last year as the solid leasing performance achieved through our unique positioning and disciplined execution was dragged by the depreciation of the Renminbi ("RMB"), and no contributions were recognized from property sales. The overall operating profit rose by 3% to HK$3,824 million. Revenue from property leasing increased by 5% to HK$5,237 million. No property sales revenue was recognized during the period (2022: HK$316 million).

The underlying net profit attributable to shareholders remained flat at HK$2,225 million. The underlying earnings per share correspondingly stayed at HK$0.49.

Hang Lung Properties reported a net profit attributable to shareholders of HK$2,394 million (2022: HK$1,948 million) when including a net revaluation gain on properties attributable to shareholders of HK$169 million (2022: net revaluation loss of HK$269 million). The corresponding earnings per share was HK$0.53 (2022: HK$0.43).

Revenue and Operating Profit for the Six Months Ended June 30

	Revenue			**Operating Profit/(Loss)**		
	2023	2022	Change	**2023**	2022	Change
	HK$ Million	HK$ Million		**HK$ Million**	HK$ Million	
Property Leasing	**5,237**	4,986	5%	**3,858**	3,575	8%
Mainland China	**3,554**	3,367	6%	**2,483**	2,269	9%
Hong Kong	**1,683**	1,619	4%	**1,375**	1,306	5%
Property Sales	**-**	316	-100%	**(34)**	133	N/A
Total	**5,237**	5,302	-1%	**3,824**	3,708	3%

DIVIDEND

The Board of Directors has declared an interim dividend of HK18 cents per share for 2023 (2022: HK18 cents) to be paid in cash on September 29, 2023, to shareholders whose names are listed on the register of members on September 15, 2023.

PROPERTY LEASING

For the six months ended June 30, 2023, the overall rental revenue increased by 5% to HK$5,237 million. Rental revenue of our Mainland portfolio rose by 13% in RMB terms and 6% in HKD terms after taking into account the RMB depreciation against the same period last year. Our Hong Kong portfolio recorded 4% growth in rental revenue.

On the Mainland, overall business sentiment affected by the COVID-19 outburst in December last year quickly rebounded when the spread of cases subsided in early January and related pandemic containment measures were lifted. A proactive marketing push via various promotional events, together with traditional holiday campaigns in the Chinese New Year and Valentine's Day, were launched across our portfolio to capture the post-COVID-19 upsurge. HOUSE 66, our customer relationship management (CRM) program, effectively engaged our loyal customers and acquired new members. Compared with the first quarter of 2022 when the impacts of COVID-19 remained relatively mild, overall tenant sales and rental revenue grew by 18% and 5%, respectively, in RMB terms. For the first six months of 2023, overall tenant sales and rental revenue were 42% and 13% higher, respectively, against the corresponding period.

Hong Kong's overall operating environment is gradually improving following the re-opening of borders both locally and on the Mainland. Our "hello Hang Lung Malls Rewards Program" along with the government's "Hello Hong Kong" campaign and another round of consumption vouchers, further stimulated consumer sentiment and supported growth in tenant sales. For the first time since the COVID-19 outbreak in 2020, our Hong Kong portfolio delivered rental growth against the same period of the previous year. Overall rental revenue increased by 4%, and tenant sales improved by 22% compared to the same period last year.

Mainland China[1]

Property Leasing – Mainland China Portfolio for the Six Months Ended June 30

	Revenue (RMB Million)		
	2023	2022	Change
Malls	**2,496**	2,210	13%
Offices	**580**	547	6%
Hotel	**62**	27	130%
Total	**3,138**	2,784	13%
Total in HK$ Million equivalent	***3,554***	*3,367*	*6%*

Overall rental revenue and operating profit rose by 13% and 17%, respectively. In HKD terms, the increases were diluted to 6% and 9%, respectively, due to the depreciation of the RMB. Our mall portfolio resumed its growth trend and its revenue climbed 13% after a relatively flattish result in 2022, which was hampered by multiple COVID-19-related business disruptions (including mall closures). Our premium office portfolio continued to deliver a firm growth foundation and rose by 6%, driven mainly by an increase in occupancy rates at our younger office towers in Kunming and Wuhan. Our hotel operations benefited from the relaxation of travel restrictions with revenue more than doubling period-on-period.

- *Malls*

Our mall portfolio revenue grew by 13%, with our luxury-positioned malls achieving a 16% increase in revenue, while our sub-luxury malls recorded a slight revenue drop of 3%. Our two luxury malls in Shanghai, which experienced business suspensions in April and May last year, reported 18% higher revenue. For our luxury malls outside Shanghai, overall rental revenue growth reached 11%, benefiting from higher tenant sales. The slight fall in revenue for our sub-luxury malls was largely attributable to lower occupancy.

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

Property Leasing – Mainland China Mall Portfolio for the Six Months Ended June 30

Name of Mall and City	Revenue (RMB Million)			Period-end Occupancy Rate		
				June	December	June
	2023	2022	Change	**2023**	2022	2022
Luxury malls						
Plaza 66, Shanghai	**891**	724	23%	**100%**	100%	98%
Grand Gateway 66, Shanghai	**613**	553	11%	**98%**	99%	99%
Forum 66, Shenyang	**50**	47	6%	**84%**	87%	90%
Center 66, Wuxi	**226**	195	16%	**99%**	99%	98%
Olympia 66, Dalian	**133**	112	19%	**89%**	89%	89%
Spring City 66, Kunming	**154**	141	9%	**97%**	95%	94%
Heartland 66, Wuhan	**122**	122	-	**81%**	86%	84%
	2,189	1,894	16%			
Sub-luxury malls						
Palace 66, Shenyang	**78**	82	-5%	**86%**	81%	86%
Parc 66, Jinan	**156**	151	3%	**89%**	90%	92%
Riverside 66, Tianjin	**73**	83	-12%	**80%**	80%	83%
	307	316	-3%			
Total	**2,496**	2,210	13%			

Our luxury malls recorded an overall 16% increase in revenue. While revenue at Heartland 66 in Wuhan was flat as its tenant mix is being restructured, revenue from the remaining luxury malls increased by a range of 6% to 23% period-on-period. With various business suspensions and pandemic containment measures in 2022, our luxury malls benefited from improved sentiment and tenant sales, particularly during the Chinese New Year and Valentine's Day holidays. Our sub-luxury malls recorded an overall 3% drop in revenue due to lower occupancy. Parc 66 in Jinan reported 3% growth in revenue after the opening of multiple beauty and first-in-town brands in the second half of 2022 following the completion of the first stage of the mall's Asset Enhancement Initiative (AEI).

Luxury malls

Revenue and tenant sales of our flagship **Plaza 66** mall in Shanghai increased by 23% and 62% period-on-period, respectively. We helped create new sales momentum and capture the improved customer sentiment by launching proactive CRM programs and innovative marketing campaigns, including the "Game of Wonder" held in April this year. The results were encouraging, especially during the Chinese New Year and Valentine's Day, when our tenant sales exceeded those in 2022. The mall continued to be fully occupied at the end of the period.

Another mall in Shanghai, **Grand Gateway 66,** which carries more lifestyle content than its flagship sister, generated revenue growth of 11% period-on-period, with tenant sales rising by 68%. As seen with Plaza 66, business performance during the Chinese New Year and Valentine's Day holidays exceeded that of 2022. Grand Gateway 66 also organized an exclusive in-mall event tied with the May premiere of the Chinese version of "The Phantom of the Opera", became the talk of the town with overwhelming footfall and viral social media reach. The occupancy rate remained high at 98% at the end of the period.

Forum 66 mall in Shenyang generated 6% and 16% higher revenue and tenant sales, respectively. Targeted marketing events in collaboration with our tenants, and those with our Conrad Shenyang and Palace 66 brands in Shenyang, created productive synergy and enhanced customer experiences. The occupancy rate as of June 2023 was 84%.

Center 66, the leading luxury retail mall in Wuxi, continued to deliver strong results, with revenue and tenant sales rising by 16% and 24%, respectively. A tenant collaboration with a "Money Can't Buy Experience" concept appealed to our prestige customers and helped fortify our leadership position. The occupancy rate remained high at 99%.

Olympia 66 in Dalian continued to reap the rewards of its transformation into a luxury-led mall with its revenue and tenant sales climbing 19% and 26% period-on-period, respectively. Its signature event, "Shining Olympia", was held in April and continued to boost consumer sentiment and footfall. The occupancy rate remained stable at the end of the period.

Revenue and tenant sales of **Spring City 66** mall in Kunming, the city's prime luxury hub, benefited from an expanding tourist market and rose by 9% and 8%, respectively. Entering its fourth year of operations, the mall continues to provide strong base rents with positive rental reversions and a high occupancy rate, which stood at 97% as of June 2023.

Heartland 66 mall in Wuhan, our first large-scale commercial development in central China, is undergoing a revamp in trade mix to bolster its competitiveness, and as a result, a drop in its occupancy rate to 81% at the reporting date. Despite the drop in the occupancy rate, the revenue was maintained at 2022 level while tenant sales increased by 25%. To celebrate the mall's second anniversary, a "Cirque du Soleil First-in-Wuhan" event was held in March with comprehensive tenant collaborations and encouraging response from customers.

Sub-luxury malls

The revenue of **Palace 66** in Shenyang dropped by 5% as the low occupancy rate inherited at the beginning of the year due to COVID-19 impacts on its performance. The occupancy rate recovered five points against period-end December 2022 to 86% and remained stable against period-end June 2022. Capturing the local government's dedication to transform the Zhongjie District into an international commercial hub, various marketing activities were held—including a music festival—and tenant sales increased by 40%.

Following the completion of the first phase of its AEI in the second half of 2022, **Parc 66** in Jinan increased its revenue and tenant sales by 3% and 31%, respectively. Multiple beauty and first-in-town brands opened stores in the mall and further phases of the AEI will continue to bolster Parc 66's long-term competitiveness and profitability. The occupancy rate as of June 2023 was 89%.

Revenue from **Riverside 66** in Tianjin decreased by 12% due to low occupancy, which was inherited at the beginning of the year due to COVID-19 pressures in 2022. Marketing initiatives were introduced to strengthen footfall, which led to a 40% boost in tenant sales. The occupancy rate remained stable against period-end December 2022 and decreased by three points against period-end June 2022 to 80%.

- *Offices*

The office portfolio, accounting for 18% of our total Mainland rental revenue, continued to provide a reliable source of growth and income stream. The total revenue rose by 6% to RMB580 million period-on-period, driven primarily by the good performance of Plaza 66 and growth from our newer projects, such as the office towers in Kunming and Wuhan.

Property Leasing – Mainland China Office Portfolio for the Six Months Ended June 30

Name of Office and City	Revenue (RMB Million)			Period-end Occupancy Rate		
	2023	2022	Change	**June 2023**	December 2022	June 2022
Plaza 66, Shanghai	**335**	317	6%	**98%**	96%	96%
Forum 66, Shenyang	**64**	66	-3%	**86%**	91%	92%
Center 66, Wuxi	**59**	61	-3%	**83%**	85%	88%
Spring City 66, Kunming	**70**	59	19%	**87%**	88%	79%
Heartland 66, Wuhan	**52**	44	18%	**72%**	73%	61%
Total	**580**	547	6%			

Our two Grade A office towers at **Plaza 66** in Shanghai generated rental growth of 6% during the period, leveraging their prime location in Jing'An District and high-quality tenant mix. An innovative digital tool is also being introduced to further enhance tenant experiences and service quality. The occupancy rate remained high at 98% at the end of the reporting period.

Revenue of the office tower at **Forum 66** in Shenyang fell by 3%, mainly due to continuing soft demand in the market with the occupancy rate dropped to 86%.

The total revenue of the two office towers at **Center 66** in Wuxi dropped by 3%, primarily because of the low occupancy rate that has carried over from the end of 2022. Our high-quality offerings enabled us to maintain a steady level of unit rent in the first half of the year, and we intend to further improve the tenant mix and leasing pace in the second half of the year. The occupancy rate was 83% at the end of the reporting period.

Revenue of the office tower at **Spring City 66** in Kunming increased by 19%, driven by the eight points rise in its occupancy rate to 87% against period-end June 2022. Spring City 66 will look to enhance its leasing pace in the second half of 2023 through leveraging its prime location and premium facilities and services.

Revenue of the **Heartland 66** Office Tower in Wuhan increased by 18% and the occupancy rate increased by 11 points against period-end June 2022 to 72%. To further enhance Heartland's competitiveness and provide more offerings to tenants, Heartland's new HANGOUT workspace opened in March 2023 to provide flexible office solutions for tenants.

- *Hotel*

Revenue grew by 130% after the relaxation of travel restrictions. Both room and food and beverage businesses performed well following an increase in both business and leisure travel, with room revenue contributing 1.71 times growth due to an influx of business travelers while food and beverage revenue achieved 82% growth.

Hong Kong

With the resumption of cross-border travel between Hong Kong and the Mainland, the Hong Kong economy achieved a stable recovery in the first half of 2023, especially in the retail market.

To capitalize on this steady rebound in market sentiment, we supported our tenants with a sales-driven approach. The “hello dollar” rewards program and a series of compelling marketing campaigns were launched in the first half of 2023 to help elevate customer shopping experiences.

Revenue and operating profit increased by 4% to HK$1,683 million and by 5% to HK$1,375 million, respectively, with a rental margin of 82%.

Property Leasing – Hong Kong Portfolio for the Six Months Ended June 30

	Revenue (HK$ Million)			**Period-end Occupancy Rate**		
				June	December	June
	2023	2022	Change	**2023**	2022	2022
Retail	**1,009**	951	6%	**97%**	98%	98%
Offices	**552**	545	1%	**88%**	90%	87%
Residential & Serviced Apartments	**122**	123	-1%	**66%**	73%	70%
Total	**1,683**	1,619	4%			

- *Retail*

Revenue from our Hong Kong retail portfolio rose by 6% to HK$1,009 million. As the tenant mix was refined by introducing brands that focus on local consumption, the overall occupancy dropped mildly to 97%.

The recovery of inbound tourism and another round of government consumption vouchers, together with a series of promotional campaigns under the “hello Hang Lung Malls Rewards

Program", contributed to a rise in total tenant sales and sales rent by 22% and 40%, respectively, mainly in the food and beverage, personal care and beauty, and jewelry and watches segments.

Retail properties located in **Central Business and Tourist District Portfolio** generated overall rental growth of 8%. The performance of our retail properties at Mongkok and Causeway Bay benefited from the re-opening of borders and the relaxation of pandemic control measures. Overall occupancy remained stable at 96%.

Our **Community Mall Portfolio** continued to record strong performance, with overall revenue increasing by 4% against the same period last year. The occupancy of Kornhill Plaza in Hong Kong East and Amoy Plaza in Kowloon East remained high at 99% and 97%, respectively, at the reporting date.

- *Offices*

Our office revenue edged up by 1% in the face of a challenging market environment with weak demand and an abundance of market supply in the pipeline, especially on Hong Kong Island. Various measures were adopted to maintain a relatively high occupancy level of 88%.

For our **Hong Kong Island Portfolio**, revenue rose slightly by 1% while occupancy remained at 82% under a difficult market environment.

Revenue at our **Kowloon Portfolio** grew by 1% as the occupancy increased to 95% due to a more resilient semi-retail positioning of Grand Plaza, Grand Centre, and Gala Place.

- *Residential & Serviced Apartments*

Revenue of our residential and serviced apartments segment dropped gently by 1%, largely due to lower occupancy at The Summit as it prepares for an upcoming renovation; however, this was partially compensated by higher average occupancy rate at Kornhill Apartments.

PROPERTY SALES

No property sales revenue was recorded during the reporting period. In the first half of 2022, revenue of HK$316 million was recognized for the sale of one house on Blue Pool Road upon its completion during that period. The operating loss from property sales for the reporting period was HK$34 million, mostly made up of the selling expenses for The Aperture in Kowloon Bay, and marketing expenses for the Grand Hyatt Residences Kunming, Center Residences in Wuxi and Heartland Residences in Wuhan.

As of June 30, 2023, 126 residential units at The Aperture had been sold at a total of HK$1,108 million since 2021. The revenue is expected to be recognized in mid-2024 upon sale completion.

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

PROPERTY REVALUATION

As of June 30, 2023, the total value of our investment properties and those under development amounted to HK$188,320 million, including the mainland China portfolio of HK$126,352 million and the Hong Kong portfolio of HK$61,968 million. These properties were appraised by Savills, an independent valuer, as of June 30, 2023.

A revaluation gain of HK$251 million was recorded (2022: loss of HK$221 million).

The mainland China portfolio recorded a revaluation gain of HK$216 million (2022: loss of HK$149 million), representing less than 1% of the portfolio value.

The Hong Kong portfolio had a revaluation gain of HK$35 million (2022: loss of HK$72 million), representing a less than 1% increase against the value as of December 31, 2022.

Net revaluation gain after tax and non-controlling interests of HK$169 million was reported (2022: net revaluation loss of HK$269 million).

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The aggregated values of our projects under development for leasing and sale were HK$21,494 million and HK$11,222 million, respectively. These comprised mainland China projects in Wuhan, Wuxi, Kunming, Hangzhou, and Shenyang, and redevelopment projects in Hong Kong.

As of the reporting date, our capital commitments for the development of investment properties amounted to HK$15 billion.

Mainland China

Heartland Residences (武漢恒隆府) in Wuhan—the inaugural project of our premium serviced residences brand on the Mainland—is situated in the immediate proximity of Heartland 66 and comprises three towers offering a total of 492 units. The sales gallery and show flats were launched in April 2022 and sales and marketing efforts will continue. The project is scheduled for completion in phases from the end of 2023.

Grand Hyatt Residences Kunming (昆明君悅居) and **Grand Hyatt Kunming** are integral components of the remaining Spring City 66 development. The Residences sit above the hotel and house 254 apartment units, including three premium penthouses. Grand Hyatt Kunming features 332 guestrooms and suites. The hotel-and-residence tower was topped out in June 2022. Pre-sale marketing activities for the Residences have been started in July 2023. Completion is scheduled in phases from 2024, while the opening of the Grand Hyatt Kunming is planned for the first half of 2024.

Center Residences (無錫恒隆府) in Wuxi and **Curio Collection by Hilton**, a lifestyle boutique hotel, forms the Phase 2 development of Center 66. The Residences comprise two high-rise residential towers housing 573 units. In addition, there will be a seven-story new-build tower and a three-floor heritage building offering a combined total of 106 hotel rooms. Construction is progressing as planned, and the project is scheduled for completion in phases from 2024 onwards. The Center Residences pre-sale is expected to be launched in 2024, subject to market conditions, while the opening of Curio Collection by Hilton is planned in late 2024.

Westlake 66 in Hangzhou is an integrated high-end commercial development comprising a retail podium, five Grade A office towers, and a luxury hotel: **Mandarin Oriental Hangzhou**. The construction works are progressing well, and the project is scheduled for completion in phases from 2024 onwards. Mandarin Oriental Hangzhou, featuring more than 190 premium guestrooms and suites, is slated to open in late 2025.

The remaining mixed-use development of Forum 66 in Shenyang yields a gross floor area of more than 500,000 square meters, including **Forum Residences** (瀋陽恒隆府). Design and planning works are on-going.

Hong Kong

The construction of 228 Electric Road—a Grade A office tower in North Point—was completed in the first half of 2023. Consequently, the property's value was transferred from investment properties under development to investment properties during the reporting period. The project is a joint development with our parent company, Hang Lung Group Limited (Hang Lung Group), and includes a retail area that spans the lower floors.

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

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

FINANCING MANAGEMENT

We have been maintaining an appropriate capital structure with multiple financing channels to ensure that financial resources are always available to meet operational needs and expansions. A sufficient level of standby banking facilities and other debt capital fundings is in place to cushion Hang Lung Properties from any unexpected external economic shocks. All financial risk management, including debt refinancing, foreign exchange exposure, and interest rate volatility, is centrally managed and controlled at the corporate level.

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

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

As part of our environmental, social and governance (ESG) initiatives, Hang Lung Properties continues to make more use of sustainable finance. During the first half of 2023, we issued green bonds worth HK$0.4 billion and obtained HK$0.5 billion in green loan facilities. These are collectively referred to as sustainable finance, which now accounts for 49% of our total debts and available facilities.

- *Cash Management*

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

	At June 30, 2023		At December 31, 2022	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**1,527**	*33%*	2,102	*40%*
RMB	**3,028**	*64%*	2,974	*57%*
USD	**157**	*3%*	153	*3%*
Total cash and bank balances	**4,712**	*100%*	5,229	*100%*

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

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK$47,160 million (December 31, 2022: HK$45,524 million), of which 28% was denominated in RMB to act as a natural hedge to net investments in mainland China.

Our fixed-rate borrowings primarily consist of medium-term notes (MTNs) and bank loans that are converted to fixed-rate through the use of interest rate swaps. The percentage of fixed-rate borrowings stayed flat at 38% of total borrowings as of June 30, 2023. After excluding the onshore floating-rate debts, the percentage of fixed-rate borrowings would be 52% of total offshore borrowings as of June 30, 2023 (December 31, 2022: 53%).

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

(i) by currency (after currency swap):

	At June 30, 2023		At December 31, 2022	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**34,037**	*72%*	32,723	*72%*
RMB	**13,123**	*28%*	12,801	*28%*
Total borrowings	**47,160**	*100%*	45,524	*100%*

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

	At June 30, 2023		At December 31, 2022	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Fixed	**18,087**	*38%*	17,376	*38%*
Floating	**29,073**	*62%*	28,148	*62%*
Total borrowings	**47,160**	*100%*	45,524	*100%*

- *Gearing Ratios*

At the reporting date, the net debt balance amounted to HK$42,448 million (December 31, 2022: HK$40,295 million). The net debt to equity ratio was 30.4% (December 31, 2022: 28.1%), and the debt to equity ratio was 33.7% (December 31, 2022: 31.8%). The net debt to equity ratio increase was largely due to capital expenditures in both mainland China and Hong Kong.

- *Maturity Profile and Refinancing*

At the balance sheet date, the average tenure of the entire loan portfolio was 3.2 years (December 31, 2022: 3.2 years). The maturity profile was staggered over more than 10 years. Around 72% of the loans were repayable after two years.

	At June 30, 2023		At December 31, 2022	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Repayable:				
Within 1 year	**4,130**	*9%*	4,533	*10%*
After 1 but within 2 years	**8,837**	*19%*	8,112	*18%*
After 2 but within 5 years	**29,086**	*61%*	27,621	*61%*
Over 5 years	**5,107**	*11%*	5,258	*11%*
Total borrowings	**47,160**	*100%*	45,524	*100%*

As of June 30, 2023, total undrawn committed banking facilities amounted to HK$16,880 million (December 31, 2022: HK$21,374 million). The available balances of the US$4 billion (December 31, 2022: US$4 billion) MTN program amounted to US$2,255 million, equivalent to HK$17,677 million (December 31, 2022: HK$18,343 million).

- *Net Finance Costs and Interest Cover*

For the first half of 2023, gross finance costs rose by 20% to HK$881 million following the higher average effective cost of borrowing, which was at 3.9% (2022: 3.5%), attributed to the hike in average interest rates, and the increase in borrowings for capital expenditure.

The net amount charged to the statement of profit or loss (after excluding capitalized amounts) increased to HK$299 million accordingly.

Interest cover for the six months of 2023 was 4 times (2022: 5 times).

- *Foreign Exchange Management*

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

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

As of June 30, 2023, net assets denominated in RMB accounted for approximately 74% of our total net assets. The RMB depreciated against the HKD by 3.1% compared with December 31, 2022. The translation of these net assets from RMB into HKD at the exchange rate as of the reporting date resulted in a translation loss of HK$3,394 million (2022: loss of HK$5,011 million), recognized in other comprehensive income/exchange reserve.

- *Charge of Assets*

Assets of Hang Lung Properties were not charged to third parties as of June 30, 2023.

- *Contingent Liabilities*

Hang Lung Properties had no material contingent liabilities as of June 30, 2023.

CORPORATE INITIATIVES

Accelerating Sustainability Progress Through Partnerships

Hang Lung recognizes the importance of collaborating with like-minded partners to accelerate sustainability progress by addressing systemic challenges and amplifying positive impacts. As the next important step after announcing a first-of-its-kind sustainability partnership agreement between Hang Lung and LVMH Group in October 2022, the two Groups worked together to formulate an ambitious agenda for sustainability action. The Common Charter: Joining Forces to Accelerate Change plan outlines 20 innovative actions under four pillars, including Climate Resilience, Resource Management, People and Wellbeing, and Sustainability Governance, which will be pursued starting in 2023. This follows the Groups' inaugural Real Estate & Climate Forum, held in November 2022, which brought together hundreds of thought leaders and stakeholders and generated more than 200 ideas. An updated Charter will be provided in March 2024 and March 2025, including updates on previously agreed actions as well as newly identified actions.

Hang Lung has also further bolstered its collaboration with Tsinghua University by establishing the Hang Lung Center for Real Estate at Tsinghua University. The Center will concentrate on industry–university collaborations in the fields of sustainability, proptech innovations, and exceptional talent cultivation. We have also initiated a "Sustainable Real Estate Scheme" for Tsinghua University teachers and postgraduates, which funds creative academic research projects on topics such as green buildings, healthy buildings, low-carbon development, and digitalization, and helps promote the incorporation of the findings into daily life.

Promoting Youth Development and Diversity & Inclusion

The inaugural edition of the nationwide "Hang Lung Future Women Leaders Program" (the Program) concluded with great success in June 2023. Since the Program's launch, around 180 participating female university students—75% of them being the first in three generations of their families to attend university—received more than 6,300 hours of training and mentorship. The Program led to the creation and implementation of 31 sustainable community projects, benefiting 4,500 people and aligning with the United Nations Sustainable Development Goals. Furthermore, it advocated the spirit of building a society that values diversity and inclusion, which will be widely promoted as the students continue to exercise leadership and influence in their careers, contributing to a more sustainable future. The Program also fostered exchange and cooperation between Hong Kong and mainland China. Shanghai–Hong Kong Inspiration Talks were held to bring together female leaders from Hong Kong and the Mainland, while the top three Hong Kong performers were awarded the chance to visit Hang Lung in Shanghai and go on exchange with Shanghai students. We will also offer over 20 placements with Hang Lung and our mentor partners to outstanding participants.

Attaining a WELL HSR Rating for over 80% of Our Total Construction Floor Area

Hang Lung is committed to maintaining a healthy, inclusive, and safe environment for our employees, customers, and communities. In January 2023, we achieved the WELL Health-Safety Rating (WELL HSR) from the International WELL Building Institute, which covers 19 properties including an office tower in Hong Kong and all our shopping malls and office towers across eight cities on the Mainland. WELL HSR was created in response to the COVID-19 pandemic and consists of operational interventions that can be made to help mitigate the spread of the virus and similar diseases. As the world moves beyond the pandemic, the WELL HSR seal at our properties indicates confidence and trust that the Company has achieved third-party verification for evidence-based measures and best practices for health and safety. As of June 30, 2023, over 80% of our total construction floor area is certified with the WELL HSR.

OUTLOOK

Looking ahead, both international and domestic uncertainties will have vital impacts on our business operations. In general, economies across the globe remain sluggish coming out of COVID-19, with relatively low GDPs and rising interest rates. We will continue to double down on our efforts, with our proactive placemaking initiatives and strong tenant engagements, in overcoming these challenges ahead. With these efforts, along with our well-positioned geographical and business diversification, as well as our established CRM platforms, we are confident in our overall business outlook.

On the Mainland, our luxury malls have proven their strengths in overcoming numerous challenges over the years. We will continue to dedicate our efforts to rolling out talk-of-the-town marketing campaigns and leveraging our HOUSE 66 CRM program to reinforce our malls' positioning and strengthen our relationships with loyal customers. For our sub-luxury malls, we are determined to rebuild the occupancy in Palace 66 in Shenyang and Riverside 66 in Tianjin with the right mix of tenants to return these malls to a growth trajectory. Another sub-luxury mall, Parc 66 in Jinan, will continue to benefit from the completion of the first phase of its AEI. Our office portfolio is expected to maintain rental growth despite a complex market environment, as demand still outweighs the limited supply of genuinely Grade A office towers. Conrad Shenyang will continue to reap the rewards of restriction-free travel while we look forward to the introduction of our second premium hotel, Grand Hyatt Kunming, in the first half of 2024.

As a key player with deep roots in Hong Kong, we are ready to do our part in strengthening the city's position as the preferred destination for both businesses and tourists. Equally important, we will provide our loyal customers in Hong Kong with elevated shopping experiences through our "hello Hang Lung Malls Rewards Program". For our office portfolio, we will continue to implement measures to sustain our occupancy in our existing buildings while we welcome our newest member, 228 Electric Road, which was recently completed. We will continue to seek opportunities to enhance our Hong Kong portfolio through AEI and capital recycling exercises.

Preparation is underway for the public launches of our premium serviced residences brand on the Mainland, Hang Lung Residences (comprising Heartland Residences in Wuhan, Grand Hyatt Residences in Kunming, and Center Residences in Wuxi), with the timing of the launch subject to market conditions. The first batch of units at Heartland Residences is targeted for handover to buyers in late 2023. In Hong Kong, the transaction completion of The Aperture is slightly deferred to mid-2024, at which point the revenue from pre-sale efforts will be recognized.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UNAUDITED)

	Note	**2023 HK$ Million**	2022 HK$ Million	*For information purpose only* **2023 RMB Million**	2022 RMB Million
Revenue	2(a)	**5,237**	5,302	**4,626**	4,383
Direct costs and operating expenses		**(1,413)**	(1,594)	**(1,247)**	(1,316)
		3,824	3,708	**3,379**	3,067
Other net income	3	**20**	12	**18**	10
Administrative expenses		**(325)**	(306)	**(287)**	(253)
Profit from operations before changes in fair value of properties		**3,519**	3,414	**3,110**	2,824
Increase/(decrease) in fair value of properties		**251**	(221)	**229**	(189)
Profit from operations after changes in fair value of properties		**3,770**	3,193	**3,339**	2,635
Interest income		**39**	30	**35**	25
Finance costs		**(299)**	(254)	**(265)**	(211)
Net interest expense	4	**(260)**	(224)	**(230)**	(186)
Share of profits of joint ventures		**20**	11	**18**	9
Profit before taxation	5	**3,530**	2,980	**3,127**	2,458
Taxation	6	**(798)**	(723)	**(707)**	(599)
Profit for the period	2(b)	**2,732**	2,257	**2,420**	1,859
Attributable to:					
Shareholders		**2,394**	1,948	**2,120**	1,603
Non-controlling interests		**338**	309	**300**	256
Profit for the period		**2,732**	2,257	**2,420**	1,859
Earnings per share	8(a)				
Basic		**HK$0.53**	HK$0.43	**RMB0.47**	RMB0.36
Diluted		**HK$0.53**	HK$0.43	**RMB0.47**	RMB0.36

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UNAUDITED)

			For information purpose only	
	2023 HK$ Million	2022 HK$ Million	**2023 RMB Million**	2022 RMB Million
Profit for the period	**2,732**	2,257	**2,420**	1,859
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in exchange reserve:				
Exchange difference arising from translation to presentation currency	**(3,398)**	(5,015)	**1,126**	1,499
Gain on net investment hedge	**4**	4	**4**	4
Movement in hedging reserve:				
Effective portion of changes in fair value	**77**	95	**69**	79
Net amount transferred to profit or loss	**(48)**	(11)	**(42)**	(9)
Deferred tax	**(7)**	(13)	**(6)**	(11)
Item that will not be reclassified to profit or loss:				
Net change in fair value of equity investments	**1**	(1)	**1**	(1)
Other comprehensive income for the period, net of tax	**(3,371)**	(4,941)	**1,152**	1,561
Total comprehensive income for the period	**(639)**	(2,684)	**3,572**	3,420
Attributable to:				
Shareholders	**(649)**	(2,517)	**3,283**	3,163
Non-controlling interests	**10**	(167)	**289**	257
Total comprehensive income for the period	**(639)**	(2,684)	**3,572**	3,420

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2023

				For information purpose only	
		(Unaudited)	(Audited)		
		June 30, 2023	December 31, 2022	**June 30, 2023**	December 31, 2022
	Note	**HK$ Million**	HK$ Million	**RMB Million**	RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	9	**166,826**	167,861	**154,148**	150,043
Investment properties under development	9	**21,494**	22,703	**19,817**	20,283
Other property, plant and equipment		**336**	320	**310**	286
		188,656	190,884	**174,275**	170,612
Interests in joint ventures		**1,119**	1,130	**1,038**	1,011
Other assets		**78**	77	**72**	69
Deferred tax assets		**140**	140	**130**	125
		189,993	192,231	**175,515**	171,817
Current assets					
Cash and deposits with banks		**4,712**	5,229	**4,356**	4,677
Trade and other receivables	10	**3,714**	3,560	**3,433**	3,182
Properties for sale		**12,189**	11,668	**11,273**	10,433
		20,615	20,457	**19,062**	18,292
Current liabilities					
Bank loans and other borrowings		**4,130**	4,533	**3,818**	4,053
Trade and other payables	11	**9,552**	9,829	**8,824**	8,785
Lease liabilities		**28**	27	**26**	24
Current tax payable		**502**	434	**464**	388
		14,212	14,823	**13,132**	13,250
Net current assets		**6,403**	5,634	**5,930**	5,042
Total assets less current liabilities		**196,396**	197,865	**181,445**	176,859
Non-current liabilities					
Bank loans and other borrowings		**43,030**	40,991	**39,851**	36,666
Lease liabilities		**253**	266	**233**	238
Deferred tax liabilities		**13,265**	13,462	**12,233**	12,026
		56,548	54,719	**52,317**	48,930
NET ASSETS		**139,848**	143,146	**129,128**	127,929
Capital and reserves					
Share capital		**39,950**	39,950	**37,462**	37,462
Reserves		**90,123**	93,431	**82,655**	81,745
Shareholders' equity		**130,073**	133,381	**120,117**	119,207
Non-controlling interests		**9,775**	9,765	**9,011**	8,722
TOTAL EQUITY		**139,848**	143,146	**129,128**	127,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the interim report for the six months ended June 30, 2023 of Hang Lung Properties Limited (the "Company") and its subsidiaries (collectively the "Group") but are extracted from the report.

The unaudited interim financial report has been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (HKFRSs) that are first effective for the current accounting period of the Group. These developments have no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements.

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

1. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended December 31, 2022 included in this announcement of interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended December 31, 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those 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 sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. REVENUE AND SEGMENT INFORMATION

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

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

(a) Disaggregation of revenue

Revenue for the six months ended June 30, 2023 is analyzed as follows:

HK$ Million	**2023**	2022
Under the scope of HKFRS 16, *Leases*:		
Rental income	**4,625**	4,409
Under the scope of HKFRS 15, *Revenue from contracts with customers*:		
Sales of completed properties	**-**	316
Building management fees and other income from property leasing	**612**	577
	612	893
	5,237	5,302

2. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Revenue and results by segments

HK$ Million	**2023**			2022		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue						
- Mainland China	**3,554**	**-**	**3,554**	3,367	-	3,367
- Hong Kong	**1,683**	**-**	**1,683**	1,619	316	1,935
	5,237	**-**	**5,237**	4,986	316	5,302
Profit/(loss) from operations before changes in fair value of properties						
- Mainland China	**2,278**	**(20)**	**2,258**	2,085	(19)	2,066
- Hong Kong	**1,264**	**(3)**	**1,261**	1,196	152	1,348
	3,542	**(23)**	**3,519**	3,281	133	3,414
Increase/(decrease) in fair value of properties	**251**	**-**	**251**	(221)	-	(221)
- Mainland China	**216**	**-**	**216**	(149)	-	(149)
- Hong Kong	**35**	**-**	**35**	(72)	-	(72)
Net interest expense	**(260)**	**-**	**(260)**	(224)	-	(224)
- Interest income	**39**	**-**	**39**	30	-	30
- Finance costs	**(299)**	**-**	**(299)**	(254)	-	(254)
Share of profits of joint ventures	**20**	**-**	**20**	11	-	11
Profit/(loss) before taxation	**3,553**	**(23)**	**3,530**	2,847	133	2,980
Taxation	**(800)**	**2**	**(798)**	(698)	(25)	(723)
Profit/(loss) for the period	**2,753**	**(21)**	**2,732**	2,149	108	2,257
Net profit/(loss) attributable to shareholders	**2,415**	**(21)**	**2,394**	1,840	108	1,948

2. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Total segment assets

HK$ Million	June 30, 2023			December 31, 2022		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Mainland China	**128,763**	**5,745**	**134,508**	131,472	5,494	136,966
Hong Kong	**63,530**	**6,521**	**70,051**	62,766	6,380	69,146
	192,293	**12,266**	**204,559**	194,238	11,874	206,112
Interests in joint ventures			**1,119**			1,130
Other assets			**78**			77
Deferred tax assets			**140**			140
Cash and deposits with banks			**4,712**			5,229
			210,608			212,688

3. OTHER NET INCOME

HK$ Million	**2023**	2022
Government grants	**5**	11
Gain on disposal of investment properties	**11**	-
Others	**4**	1
	20	12

4. NET INTEREST EXPENSE

HK$ Million	**2023**	2022
Interest income on bank deposits	**39**	30
Interest expense on bank loans and other borrowings	**835**	689
Interest on lease liabilities	**7**	8
Other borrowing costs	**39**	36
Total borrowing costs	**881**	733
Less: Borrowing costs capitalized	**(582)**	(479)
Finance costs	**299**	254
Net interest expense	**(260)**	(224)

5. PROFIT BEFORE TAXATION

HK$ Million	**2023**	2022
Profit before taxation is arrived at after charging:		
Cost of properties sold	**-**	135
Staff costs (Note)	**779**	779
Depreciation	**46**	49

Note: The staff costs included employee share-based payments of HK$40 million (2022: HK$45 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK$942 million (2022: HK$937 million).

6. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

HK$ Million	**2023**	2022
Current tax		
Hong Kong Profits Tax	**159**	154
Mainland China Income Tax	**447**	448
Total current tax	**606**	602
Deferred tax		
Changes in fair value of properties	**43**	18
Other origination and reversal of temporary differences	**149**	103
Total deferred tax	**192**	121
Total income tax expense	**798**	723

7. DIVIDENDS

(a) Interim dividend

HK$ Million	**2023**	2022
Proposed after the end of the reporting period:		
HK18 cents (2022: HK18 cents) per share	**810**	810

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

(b) Final dividend approved and paid during the six months ended June 30, 2023

HK$ Million	**2023**	2022
2022 final dividend of HK60 cents		
(2021: HK60 cents) per share	**2,699**	2,699

8. EARNINGS PER SHARE

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

HK$ Million	**2023**	2022
Net profit attributable to shareholders	**2,394**	1,948

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

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

8. EARNINGS PER SHARE (Continued)

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

HK$ Million	**2023**	2022
Net profit attributable to shareholders	**2,394**	1,948
Effect of changes in fair value of properties	**(251)**	221
Effect of income tax for changes in fair value of properties	**43**	18
Effect of changes in fair value of investment properties of joint ventures	**-**	7
	(208)	246
Non-controlling interests	**39**	23
	(169)	269
Underlying net profit attributable to shareholders	**2,225**	2,217

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

	2023	2022
Basic	**HK$0.49**	HK$0.49
Diluted	**HK$0.49**	HK$0.49

9. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

(a) Additions

During the six months ended June 30, 2023, additions to investment properties and investment properties under development amounted to HK$1,569 million (2022: HK$1,100 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of June 30, 2023 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

10. TRADE AND OTHER RECEIVABLES

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

HK$ Million	**June 30, 2023**	December 31, 2022
Not past due or less than 1 month past due	**121**	116
1 – 3 months past due	**9**	27
More than 3 months past due	**2**	4
	132	147

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

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

(c) Included in "other receivables" of the Group is a deposit of land acquisition in mainland China of HK$271 million (December 31, 2022: HK$280 million).

11. TRADE AND OTHER PAYABLES

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

HK$ Million	**June 30, 2023**	December 31, 2022
Due within 3 months	**1,487**	1,318
Due after 3 months	**2,410**	2,726
	3,897	4,044

11. TRADE AND OTHER PAYABLES (Continued)

(b) Included in trade and other payables is an amount of HK$601 million (December 31, 2022: HK$601 million) due to a fellow subsidiary, which is the joint developer of a project in which the Group and the fellow subsidiary hold respective interests of 66.67% and 33.33%. The amount represents the contribution by the fellow subsidiary in proportion to its interest to finance the project, and is unsecured, non-interest bearing and has no fixed terms of repayment.

OTHER INFORMATION

Employees

As of June 30, 2023, the number of employees was 4,115 (comprising 988 Hong Kong employees and 3,127 mainland China employees). The total employee costs for the six months ended June 30, 2023, amounted to HK$942 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Company also has a share option scheme and provides professional and high-quality training for employees.

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

Compliance with Corporate Governance Code

During the six months ended June 30, 2023, the Company complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Review of Interim Results

The interim results for the six months ended June 30, 2023, have been reviewed by the Company's Audit Committee and auditor, KPMG.

Book Close Dates

Book close dates (both days inclusive)	September 14 to 15, 2023
Latest time to lodge transfers	4:30 pm on September 13, 2023
Record date for interim dividend	September 15, 2023
Payment date for interim dividend	September 29, 2023

On Behalf of the Board
Ronnie C. Chan
Chair

Hong Kong, July 31, 2023

As of the date of this announcement, the Board comprises:
Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO and Mr. Kenneth K.K. CHIU
Independent Non-Executive Directors: Mr. Nelson W.L. YUEN, Mr. Dominic C.F. HO, Mr. Philip N.L. CHEN, Dr. Andrew K.C. CHAN and Ms. Anita Y.M. FUNG

GLOSSARY

Financial Terms

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

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

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

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

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

Financial Ratios

$$\text{Basic earnings per share} = \frac{\text{Net profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the period}}$$

$$\text{Debt to equity} = \frac{\text{Total borrowings}}{\text{Total equity}}$$

$$\text{Net assets attributable to shareholders per share} = \frac{\text{Shareholders' equity}}{\text{Weighted average number of shares in issue during the period}}$$

$$\text{Net debt to equity} = \frac{\text{Net debt}}{\text{Total equity}}$$

$$\text{Interest cover} = \frac{\text{Profit from operations before changes in fair value of properties}}{\text{Finance costs before capitalization less interest income}}$$